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NAVAL POSTGRADUATE SCHOOL

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THESIS

**U.S. COAST GUARD REORGANIZATION:
WHY MERGING THE FIELD UNITS IS NOT ENOUGH TO
REMAIN *SEMPER PARATUS* (ALWAYS READY)**

by

Lawrence E. Greene

March 2005

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**U.S. COAST GUARD REORGANIZATION:
WHY MERGING THE FIELD UNITS IS NOT ENOUGH TO
REMAIN *SEMPER PARATUS* (ALWAYS READY)**

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Lieutenant Commander, United States Coast Guard
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Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

After the terrorist attacks of September 11, 2001, the U.S. Coast Guard shifted much of its effort toward Maritime Homeland Security activities. In response to this major shift in mission priorities, the Coast Guard is merging its Operational and Marine Safety field units into Sector commands. This reorganization is designed to ensure unity of effort, allow more efficient use of resources, improve training of Coast Guard members, and ensure better customer service. This thesis shows that further reorganization will be necessary at the operational and strategic levels of the Coast Guard. The organization-wide changes recommended by the author will allow the Coast Guard to align with the new Sector field commands, better align with the other agencies within the Department of Homeland Security, and ensure the critical tenets of unity of command, unity of direction, and unity of accountability are realized. Research data gathered for this project included surveys, personal interviews, and a use-case. The author also conducted a detailed review of documents produced at a Coast Guard Reorganization Summit, other internal Coast Guard documents, and the published literature. Based on the results of this study, the author offers 10 recommendations for the leaders of the post-9/11 Coast Guard.

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EXECUTIVE SUMMARY

After the brutal September 11, 2001 terrorist attacks on the World Trade Center in New York and the Pentagon in Washington, D.C., the Coast Guard underwent a major shift in mission priorities. Although Ports, Waterways and Coastal Security was not a new mission for the Coast Guard, it was not considered a high priority mission prior to 9/11 and the Coast Guard was dedicating only 1 percent of its resources to it. After the terrorist attacks of 9/11, the Coast Guard rapidly shifted 58 percent of its resources to that mission. By the end of fiscal year 2003 the Coast Guard had cut back to a more sustainable level of 22 percent of its resources dedicated to Ports, Waterways and Coastal Security. However, along with Ports, Waterways, and Coastal Security, Defense Readiness, other Law Enforcement, Migrant Interdiction, and Drug Interdiction are all important to an effective Maritime Homeland Security (MHLS) strategy. Therefore, fully 45 percent of the Coast Guard's resources are now consistently dedicated to MHLS missions. This distribution of missions is now considered the "new normalcy" for the next several years.

The Coast Guard has realized that the legacy organization that was in place before 9/11 is not ideal for the current mission focus. The officers who are designated as the Captains of the Port (COTPs) and Federal Maritime Security Coordinators (FMSCs) command Marine Safety (M) fields units and have broad legal authority for the Ports, Waterways, and Coastal Security Mission. However, they do not control most of the small boat or aircraft resources. Those resources are controlled by Operations (O) field units called Groups, and Air Stations.

The Coast Guard has recognized this organizational barrier and is now merging the O and M field units, along with Vessel Traffic Services to form Sector commands. This merger of field units is an effort to shift from a program-focused approach to an integrated cross-program process-focused approach that will align resources to more efficiently achieve the Coast Guard's strategic goals. The basic purpose behind this merger is the concept of unity of effort and unity of purpose. The merger will align the

resources with the legal authorities and all will be controlled by the Sector Commander. There are also other stated advantages, of this merger of field units, which are:¹

1. A single Commander – responsible & accountable for all missions in the Sector.
2. A consistent integrated command structure for all maritime zones.
3. Subordinate Commanders with greater focus on prevention and response.
4. Single Administration/Logistics support for all field personnel.
5. An Integrated Command Center – to provide Common Operating Picture / Maritime Domain Awareness.
6. A new cadre of trained/experienced leaders conversant in the entire Coast Guard mission portfolio.
7. A single point of senior-level integration and coordination with partners.
8. A parallel command level with the Department of Defense.

The objective of this thesis is to explore whether or not the merger of Coast Guard field units to form Sector commands will be sufficient to realize all of the potential benefits of unity of effort and unity of purpose. This is accomplished by answering the following research questions:

1. What internal organizational problems may result from Sector implementation?
2. Will the legacy organizations at the Coast Guard strategic and operational levels hinder success of the Sector commands?
3. Should changes be made to the organizational structure at all levels of the Coast Guard to better align with current mission priorities, as well as the Department of Homeland Security, and/or the Department of Defense?
4. If further reorganization is needed, what should the Coast Guard's new organizational structure look like?

The thesis is consists of five chapters. Chapter I is an introduction which includes the objectives of the thesis, background information, a brief history of Coast Guard mergers, and a discussion of the “Activities” experiment that led to the Sector commands. Chapter II is a brief review of the relevant literature on the concepts of unity, public sector mergers, organizational change, organizational design, vertical alignment, and high-performance government organizations. Since each of these topics represent a

¹Commandants Direction: Readiness, People, Stewardship: Establishing Coast Guard Sectors [ALCOAST 010/04, 09 January 2004].

substantial body of knowledge in its own right, I have attempted to limit the discussion to a few models and examples in the literature that have a direct bearing on the research questions being asked in this thesis. Chapter III describes the research methods used in this project, which included e-mail surveys, face-to-face and telephone interviews, a sample use-case (exercise), and my review and evaluation of documents produced by the participants of a Coast Guard Staff Reorganization Summit held in September of 2004. Chapter IV gives the results of this research and also discusses those results with respect to what was learned from the published literature. Finally, Chapter V provides conclusions and attempts to answer the questions posed by this project. It also gives 10 primary recommendations as to the preferred “way ahead” for the Coast Guard. This chapter also discusses the broader relevance of this work and recommends areas for further research.

The 10 primary recommendations are:

RECOMMENDATION 1: The Coast Guard should develop and fully-fund a robust and in-depth training program for Coast Guard leaders at all levels of the organization.

RECOMMENDATION 2: The Coast Guard should merge the Operations and Marine Safety communities at all levels of the organization.

RECOMMENDATION 3: The Coast Guard should hold leaders at all levels accountable for modeling behavior consistent with the joint culture that will be necessary for Sectors to succeed.

RECOMMENDATION 4: The Coast Guard should ask Congress for sufficient funding to implement reorganization plans and co-locate as many field units as possible.

RECOMMENDATION 5: The Coast Guard should vertically align the operational and strategic levels of the organization to support the tactical field units; ensuring unity of command, unity of direction, and unity of accountability.

RECOMMENDATION 6: The Coast Guard should restructure the entire organization to eliminate obstacles blocking the path to success.

RECOMMENDATION 7: Coast Guard Headquarters should constitute the strategic level of the organization, 10 Regions should make up the operational level, and approximately 40 Sectors should be the tactical level.

Make a Tri-Level Organization: Headquarters – Regions - Sectors

RECOMMENDATION 8: The Coast Guard should eliminate Atlantic and Pacific Area commands and convert District commands into Regional commands to match DHS.

RECOMMENDATION 9: The Coast Guard should follow the nine key practices for successful transformations published by the U.S. Government Accounting Office in 2003.

RECOMMENDATION 10: The Coast Guard should develop a robust communications plan to “sell” the sweeping change efforts recommended here.

Merging the Operational and Marine Safety field units to form Sector commands is not enough to ensure the Coast Guard will remain *Semper Paratus* (Always Ready) to carry out its many missions. As it has done many times in the past 215 years, the Coast Guard must now make sweeping changes to its organization to support the Global War on Terrorism. These changes will ensure the U.S. Coast Guard realizes its vision of being, “The Worlds Best Coast Guard...Ready Today...Preparing for Tomorrow.”

I. INTRODUCTION

In the year 2000, the final report of the President's Interagency Task Force on U.S. Coast Guard Roles and Missions predicted, "If history repeats itself, new maritime tasks only dimly perceived in 2000 will almost certainly be thrust upon the Coast Guard during the next two decades."² Just one short year later that prediction came true in the form of the brutal terrorist attacks of September 11, 2001. After the terrorist attacks, the Coast Guard underwent a major shift in mission priorities. Although Ports, Waterways and Coastal Security was not a new mission for the Coast Guard, it was not considered a high priority mission prior to 9/11 and the Coast Guard was dedicating only 1 percent of its resources to it. After the terrorist attacks of 9/11, the Coast Guard rapidly shifted 58 percent of its resources to that mission (see Fig.1).

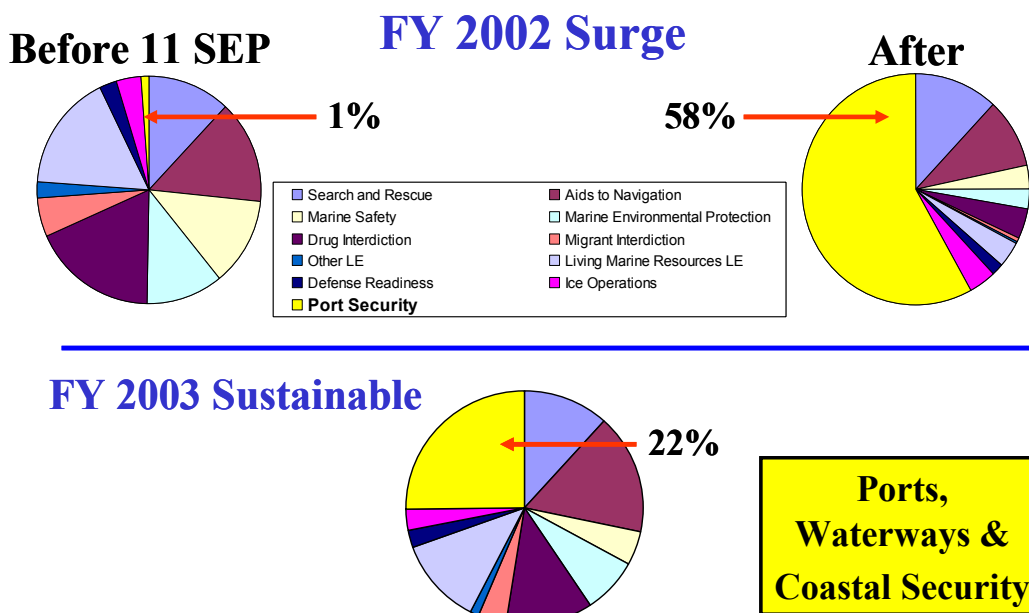


Figure 1. Resources Dedicated to Various Coast Guard Missions in Fiscal Years 2001 & 2002 with Sustainable Effort Estimated for Fiscal Year 2003.³

² President's Interagency Task Force on U.S. Coast Guard Roles and Missions, *The U.S. Coast Guard of the 21st Century* (Washington, D.C: 2000), 3.

³ Resource statistics provided by U.S. Coast Guard Headquarters Staff, February 2003.

Due to its limited resources, by the end of fiscal year 2003, the Coast Guard had cut back to a more sustainable level of 22 percent of its resources dedicated to Ports, Waterways and Coastal Security. However, Figure 1 does not tell the whole story. Figure 2, below, shows the five missions that the Coast Guard believes contribute significantly to Maritime Homeland Security (MHLS). Along with Ports, Waterways, and Coastal Security, Defense Readiness, other Law Enforcement, Migrant Interdiction, and Drug Interdiction are all important to an effective Maritime Homeland Security strategy. Therefore, fully 45 percent of the Coast Guard's resources are now consistently dedicated to MHLS missions. This distribution of missions is now considered the "new normalcy" for the next several years.

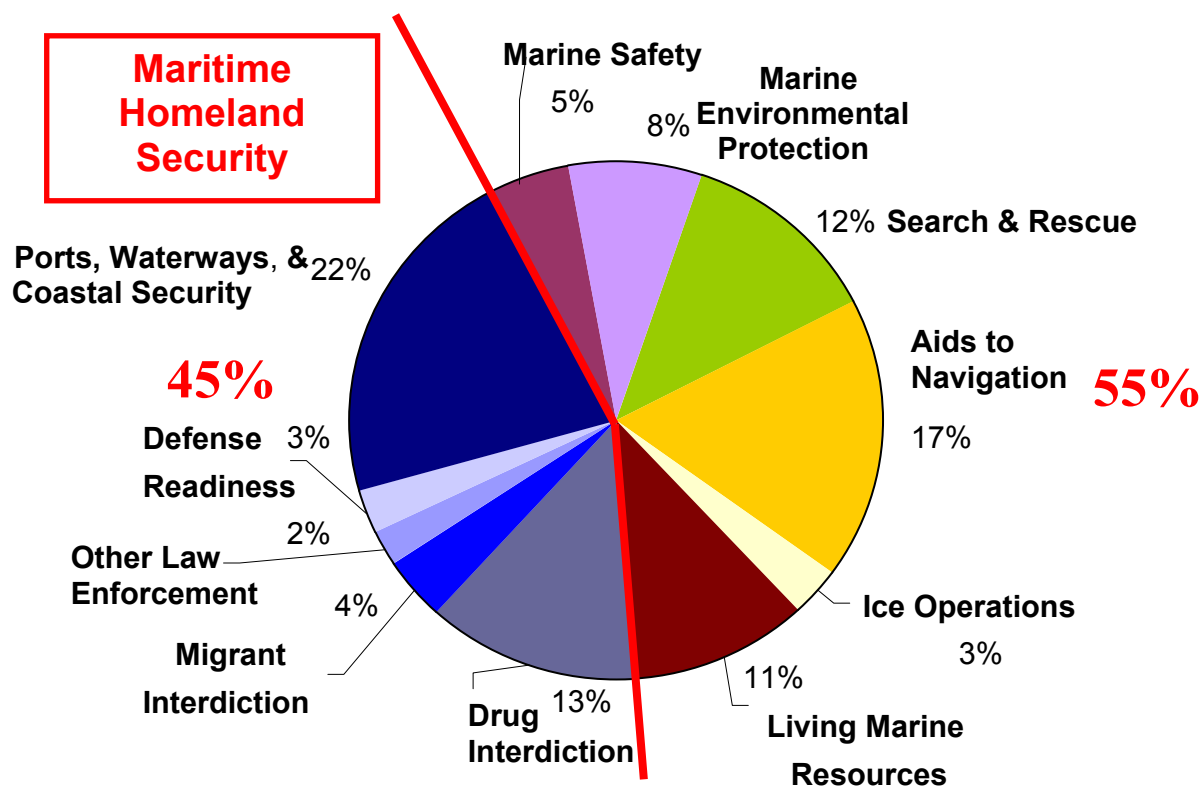


Figure 2. Estimated Resources Dedicated to Various Coast Guard Missions for Fiscal Year 2003.⁴

⁴ Resource statistics provided by U.S. Coast Guard Headquarters Staff, February 2003.

The Coast Guard has realized that the legacy organization that was in place before 9/11 is not ideal for the current mission focus. Currently, the Commanding Officers of each of the 43 Marine Safety Offices (of the Marine Safety, Security, and Environmental Protection [M] community) are also designated as the Coast Guard Captains of the Port (COTP) and the Federal Maritime Security Coordinators (FMSC). He or she has broad authority over all vessels and waterfront facilities and is also designated as the Port Facility Security Officer for the purposes of the International Ship and Port Facility Security (ISPS) Code.⁵ However, the Captain of the Port usually does not control the Coast Guard's small boats and other coastal assets. That responsibility falls to the 52 local Coast Guard Group Commanders (of the Ashore Operations [O] community) who are responsible for the small boat stations and some of the smaller cutters. This division of responsibility can lead to conflicting priorities when it comes to resource allocation because a Group Commander's primary mission is Search and Rescue (SAR) while a COTP's primary mission is MHLS (both considered the Coast Guard's #1 Priority). The Group Commanders and Air Station Commanders [O] control most of the resources but have very little authority for MHLS activities, while the COTP [M] has broad authority but directly controls few of the assets.

The Coast Guard has recognized this organizational barrier and is now merging the O and M field units, along with Vessel Traffic Services and some Air Stations to form Sector commands. This merger of field units is an effort to shift from a program-focused approach to an integrated cross-programmatic process-focused approach that will align resources to more efficiently achieve the Coast Guard's strategic goals (Table 1). The basic purpose behind this merger is the concept of unity of effort and unity of purpose. The merger will align the resources with the legal authorities and all will be controlled by the Sector Commander. There are also other stated advantages, of this merger of field units, which will be described later.

⁵ Title 33 Code of Federal Regulations Part 101.105 – Definitions.

Strategic Goals

Maritime Safety	Eliminate deaths, injuries, and property damage associated with maritime transportation, fishing, and recreational boating.
Maritime Security	Protect our maritime borders from all intrusions by halting the flow of illegal drugs, aliens, and contraband into this country through maritime routes; preventing illegal incursions of our Exclusive Economic Zone; and suppressing violations of federal law in the maritime region. <i>(This year the Coast Guard's Strategic Plan will be updated to reflect Homeland Security.)</i>
Protection of Natural Resources	Eliminate environmental damage and natural resource degradation associated with all maritime activities, including transportation, commercial fishing, and recreational boating.
Maritime Mobility	Facilitate maritime commerce and eliminate interruptions and impediments to the economical movement of goods and people, while maximizing recreational access to and enjoyment of the water.
National Defense	Defend the nation as one of the five U.S. Armed Services. Enhance regional stability in support of the National Security Strategy, utilizing our unique and relevant maritime capabilities.

Table 1. U.S. Coast Guard Strategic Goals⁶

A. OBJECTIVE

The objective of this thesis is to explore whether or not the merger of Coast Guard field units to form Sector commands will be sufficient to realize all of the potential benefits of unity of effort and unity of purpose. This will be accomplished by answering the following research questions:

1. What internal organizational problems may result from Sector implementation?
2. Will the legacy organizations at the Coast Guard strategic and operational levels hinder success of the Sector commands?
3. Should changes be made to the organizational structure at all levels of the Coast Guard to better align with current mission priorities, as well as the Department of Homeland Security, and/or the Department of Defense?
4. If further reorganization is needed, what should the Coast Guard's new organizational structure look like?

⁶ U.S. Coast Guard, *U.S. Coast Guard Business Plan FY2003-2007* (Washington, D.C.: 2002), 21.

B. BACKGROUND

A February 2003 Government Accounting Office Report listed several challenges that the Coast Guard was facing as it transitioned to the new Department of Homeland Security. One of the main challenges was strategic in nature -- “The need to define new missions and redistribute resources to meet the wide range of missions.”⁷ It is generally believed that organizations tend to change as little as they must, instead of as much as they should.⁸ In his book, *Making Public Sector Mergers Work: Lessons Learned*, Peter Frumkin has also noted that, “Highly motivated and committed individuals who have a strong interest in a particular social mission have a hard time ‘letting go’ of their organization and watching it change.”⁹ High motivation, commitment, and strong interest in mission are all accurate descriptions of Coast Guard members at all levels. This would lead one to believe that it would be very difficult for the Coast Guard to change. However, there are other aspects of the Coast Guard that may make it easier for the Coast Guard to change than other organizations.

Donald Phillips, coauthor of *Character in Action: The U.S. Coast Guard on Leadership*, believes the Coast Guard is able to make these rapid changes because the Coast Guard has largely eliminated what he calls the “frozen middle.”¹⁰ That frozen middle is the middle management that, in most organizations, is filled with individuals who are highly averse to taking risks and are extremely reluctant to change. How has the Coast Guard eliminated the frozen middle? Phillips says they did it by melting it using the “heat” generated by the chief petty officers. The chiefs do not let the middle freeze. “Chiefs in the Coast Guard are not afraid to kick and scream until somebody sits up and takes notice.”¹¹ Additionally, since the Coast Guard is also an “up or out” organization

⁷ *Homeland Security: Challenges Facing the Coast Guard as it Transitions to the New Department*, Testimony of Jayetta Z. Hecker, Director Physical Infrastructure, before the Subcommittee on Oceans, Atmosphere, and Fisheries, Committee on Commerce, Science, and Transportation, U.S. Senate (GAO-03-467T, Feb. 11, 2003).

⁸ Montgomery Van Wart. *Learning and the Reinvention of Public Sector Organizations*, Public Administration Review (Washington) Vol. 54, Iss. 6 (Nov./Dec. 1994): 577.

⁹ Peter Frumkin, *Making Public Sector Mergers Work: Lessons Learned*. IBM Center for the Business of Government – Transforming Organizations Series. 2003, accessed 21 February 2005; available from http://www.businessofgovernment.org/pdfs/Frumkin_Report.pdf; Internet.

¹⁰ Donald T. Phillips and James M. Loy. *Character in Action: The U.S. Coast Guard on Leadership* (Annapolis Maryland: Naval Institute Press, 2003) 45.

¹¹ Donald T. Phillips and James M. Loy. *Character in Action: The U.S. Coast Guard on Leadership* (Annapolis Maryland: Naval Institute Press, 2003) 46.

that selects its leaders on a “best qualified” promotion system, there is a constant change-over of individuals in the middle of the organization. So the lack of a frozen middle, and the fact that most Coast Guard members are accustomed to juggling multiple missions in the course of their work, make it perhaps easier for members of Coast Guard to accept change, than members of other organizations. So, the Coast Guard has and will continue to change when the need arises and those changes have usually resulted in improved services to the American people.¹²

Today, Coast Guard mission priorities have changed and the organization is also changing to provide better service to the American people. The Coast Guard prides itself on being able to react quickly to a changing environment. The Coast Guard motto is *Semper Paratus* (Always Ready); and the organization has proven, time and again, that it is ready to react quickly and decisively to America’s changing needs. Whether reacting to a massive migration of illegal aliens from Haiti, responding to the *Exxon Valdez* oil spill, or the rapid shift of resources to the Maritime Homeland Security mission after 9/11, the Coast Guard can and does make rapid course changes when necessary.

This current change initiative involves the merger of Coast Guard O and M field units to form Sector commands. The research questions posed by this thesis (listed above) are important questions for the Coast Guard as it attempts to best position itself for the challenges it will face as the lead federal agency for Maritime Homeland Security, while at the same time carrying out its other important missions. Those other missions include:¹³

- | | |
|-----------------------------------|---|
| * Maritime search and rescue | * Vessel traffic management |
| * Marine safety | * Enforcement of maritime laws and treaties |
| * Fisheries enforcement | * Ice-breaking in domestic waterways |
| * Marine environmental protection | * International ice patrol operations |
| * Aids to navigation | * Recreational boating safety |
| * At-sea drug interdiction | * Bridge administration |

¹² Robert Scheina. *U.S. Coast Guard: A Historical Overview*. [article on-line] United States Coast Guard History Internet web site, 2003, accessed 18 February 2004; available from http://www.uscg.mil/hq/g-cp/history/h_USCGhistory.html; Internet.

¹³ President’s Interagency Task Force on U.S. Coast Guard Roles and Missions, *The U.S. Coast Guard of the 21st Century* (Washington, D.C: 2000), 1.

Recognizing the need for organization-wide change and successfully leading the organization through such change is widely regarded as one of the most critical challenges for the leaders of today's organizations.¹⁴ The leaders of today's Coast Guard are accepting that challenge and working to align the organization to ensure maximum flexibility and continued operational excellence.

The stated advantages of creating Coast Guard Sectors include improving operational performance by creating:¹⁵

1. A single Commander – responsible & accountable for all missions in the Sector.
2. A consistent integrated command structure for all maritime zones.
3. Subordinate Commanders with greater focus on prevention and response.
4. Single Administration/Logistics support for all field personnel.
5. An Integrated Command Center – to provide Common Operating Picture / Maritime Domain Awareness.
6. A new cadre of trained/experienced leaders conversant in the entire Coast Guard mission portfolio.
7. A single point of senior-level integration and coordination with partners.
8. A parallel command level with the Department of Defense.

As you can see, most of the stated advantages, above, relate to the concept of unity. In his article, *Facts, Myths and Monsters: Understanding the Principles of Good Governance*, D. Wayne Taylor states that unity is one of the most important tenets of good governance. Here, governance is defined as, “the responsibility and accountability for the overall operation” of an organization. In particular, Taylor states that unity of command, unity of direction, and unity of accountability are keys to success. Unity of command states that for any action whatsoever, an employee should take direction from only one superior. In other words, the chain of command should flow in a straight line up

¹⁴ Kristi, M. Branch. *Change Management, Chapter 4* in *Management Benchmark Study* (U.S. Department of Energy, Office of Planning and Analysis, 2002)

¹⁵ Commandants Direction: Readiness, People, Stewardship: Establishing Coast Guard Sectors [ALCOAST 010/04, 09 January 2004].

and down the organization.¹⁶ As H. A. Simon concluded, “...it is physically impossible for a [person] to obey two contradictory commands.”¹⁷

Figure 3 shows that the proposed organization of the new Sectors does not violate the tenet of unity. In fact, it clearly provides unity not found in the current Coast Guard organizations with separate O and M field units at the tactical level of the organization. The Sector Logistics Department will handle personnel administration, engineering, supply, and finance. The Sector Response Department will combine such things as maritime search and rescue [O], law enforcement boardings [O], positive control boardings [M/O], and pollution response [M]. While the Sector Prevention Department will combine such things as vessel inspections [M], container inspections [M], facility inspections [M], aids to navigation [O], waterways management [O/M], and vessel traffic management [M].

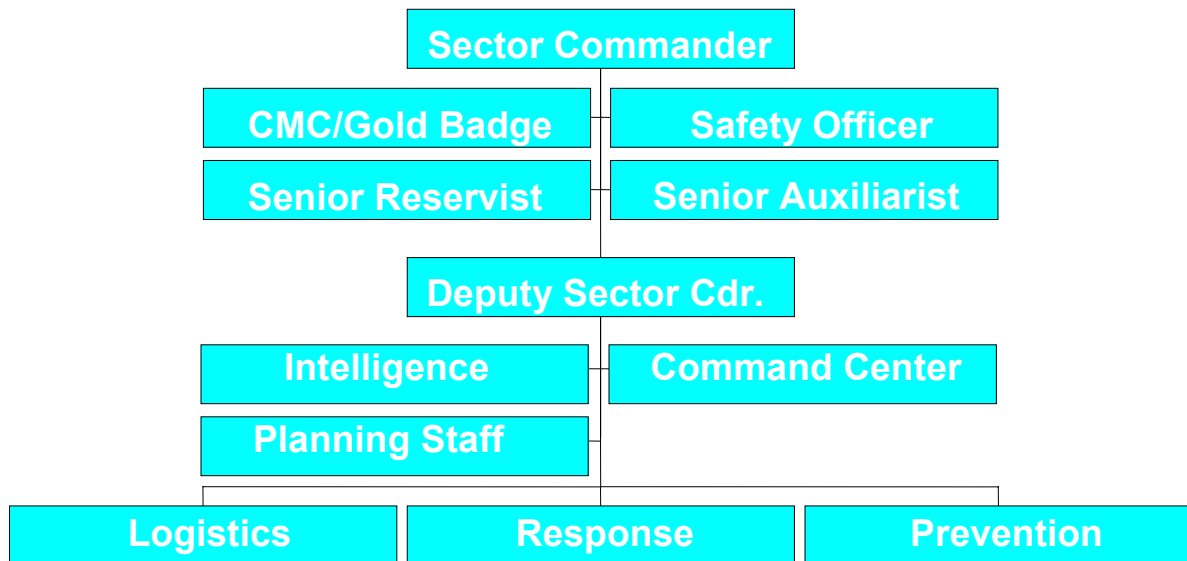


Figure 3. Proposed U.S. Coast Guard Sector Organization

¹⁶ D. Wayne Taylor. *Facts, Myths and Monsters: Understanding the Principles of Good Governance*, The International Journal of Public Sector Management (Bradford) Vol. 13, Iss. 2/3 (2000) 108.

¹⁷ H. A. Simon, *The Proverbs of Administration*, Public Administration Review, Vol. 6 (Winter 1946) 53-67.

However, while the Sectors will provide unity of command at the field level, the legacy organizational structures at higher levels could violate this tenet after the Sectors are formed. This is because, prior to the merger, the field unit Commanders each had a separate superior at the District level. Figure 4 shows the proposed field-level merger of M and O field offices to form Sectors and the potential problems of with lack of unity at the District level. If the District level organization remains unchanged, it is possible that the Sector Commander may have to try to please two masters (i.e., District O and District M). This same problem is also repeated at the Area and Headquarters levels as you move up the organizational hierarchy.

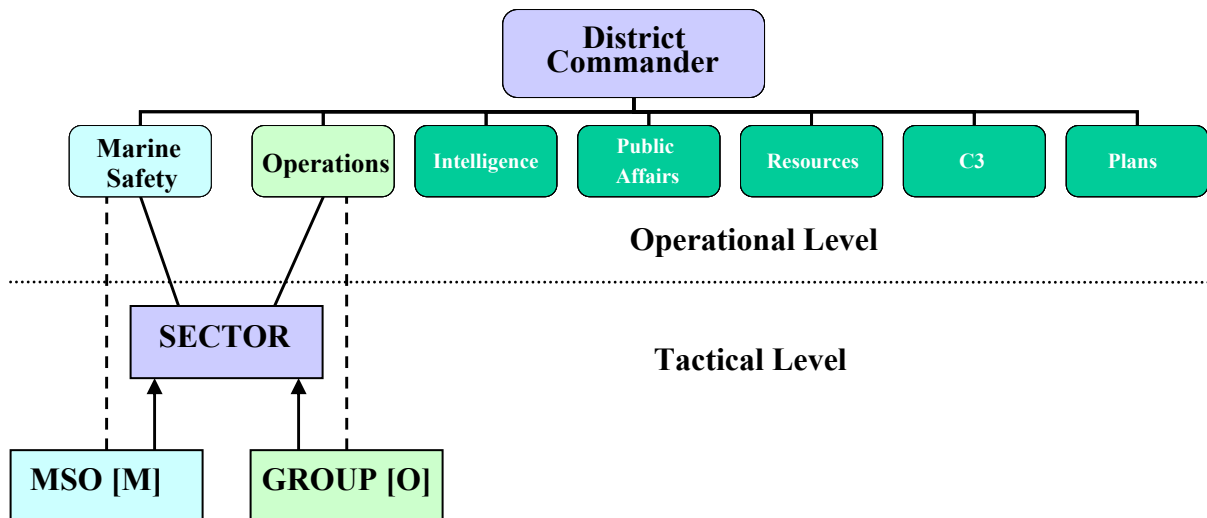


Figure 4. Simplified diagram of Sector Implementation.

Figure 5 (on the next page) shows the Coast Guard organization after Sector implementation is completed and who is responsible for the O and M missions. The organization has four primary levels: Coast Guard Headquarters has an Assistant Commandant for Operations [O] and an Assistant Commandant for Marine Safety, Security, and Environmental Protection [M] as well as multiple program managers in each specialty. Each of the two Areas and each of the nine Districts have O and M directorates that are currently in the direct chain of command for the Group Commanders and Captains

of the Port, respectively. Therefore, this current organization may violate the tenet of unity of command after Sector implementation.

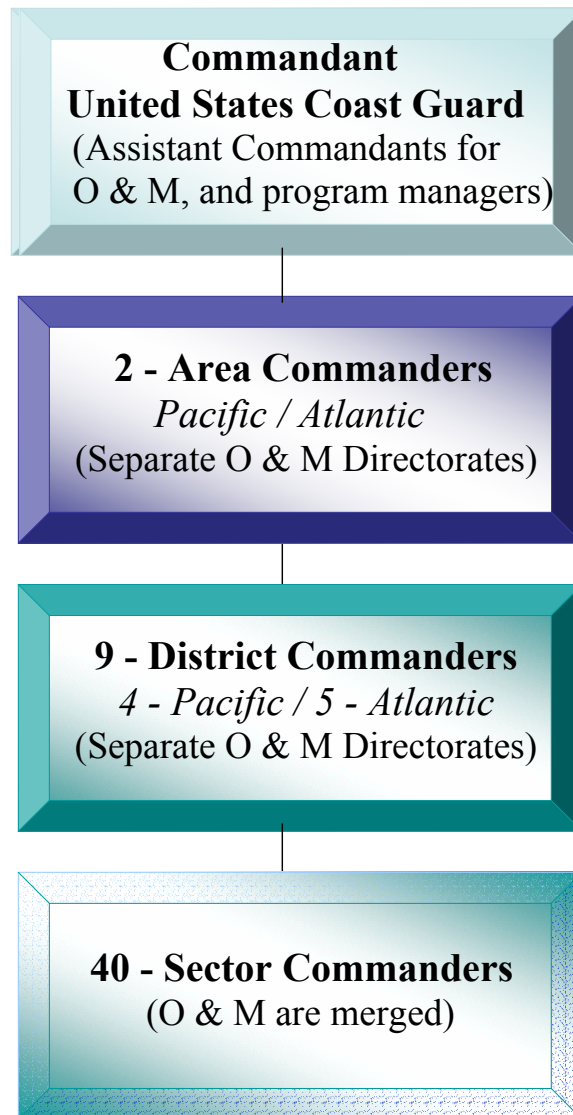


Figure 5. U.S. Coast Guard Organization after Sector Implementation, and (who would be responsible for Operations [O] and Marine Safety [M] missions)

Unity of direction is the next tenet. This tenet states that higher performing organizations have only one strategic plan, mission (or set of missions), and vision at any one time. According to management theory pioneer Henry Fayol's research, "anything else

would be a recipe for duality, confusion, disorder, waste, and in-effectiveness.”¹⁸ Here there appears to be a potential problem at the strategic (Headquarters) level if the legacy O and M offices remain unchanged. Again, because of the legacy organization at Coast Guard Headquarters, it is possible that strategic directions sent down from Headquarters (O and M) to Sector Commanders could be contradictory.

Finally, unity of accountability refers to the fact that everyone must be held accountable for the exercise of authority in carrying out his or her responsibility. W. B. Wolf states, “If there is duality in the channels of accountability then responsibility will be bifurcated and authority weakened.”¹⁹ The lack of unity of accountability forces communication and consensus building that may add value; but, taken to the extreme -- can result in a situation where “action is replaced with paralysis.”²⁰ Unity of accountability, or lack thereof, should not be a problem at the Sector level but may become a problem if the lines of responsibility, chains-of-command, and authority become blurred in the legacy organizational structures at the District, Area, and Headquarters levels.

C. A BRIEF HISTORY OF PREVIOUS COAST GUARD MERGERS

Mergers and reorganizations are also not new to the Coast Guard; in fact today’s Coast Guard is a combination of five disparate services that previously served our country as independent organizations (i.e., the Lighthouse Service, the Revenue Cutter Service, the Steamboat Inspection Service, the Bureau of Navigation, and the U.S. Life-Saving Service).²¹ Each of the agencies had their own culture and were highly dedicated to the duties they were assigned. Today’s Coast Guard is a result of the diverse heritage and impressive achievements of each of these agencies.²²

¹⁸ H. Fayol, *General and Industrial Management*, (Pitman Books, London, 1949).

¹⁹ W. B. Wolf, *The Basic Barnard*, (ILR Paperbacks, Ithica, New York, 1974).

²⁰ T. J. Peters and R. H. Waterman, Jr., *In Search of Excellence* (Harper & Row, New York, NY, 1982).

²¹ Robert Scheina. *U.S. Coast Guard: A Historical Overview*. [article on-line] United States Coast Guard History Internet web site, 2003, accessed 18 February 2004); available from http://www.uscg.mil/hq/g-cp/history/h_USCGhistory.html; Internet.

²² Robert Scheina. *U.S. Coast Guard: A Historical Overview*. [article on-line] United States Coast Guard History Internet web site, 2003, accessed 18 February 2004); available from http://www.uscg.mil/hq/g-cp/history/h_USCGhistory.html; Internet.

1. The Lighthouse Service

In only the ninth law passed by the first Congress of the United States, the federal government took over:

...the necessary support, maintenance and repair of all lighthouses, beacons, buoys and public piers erected, placed, or sunk before the passing of this act, at the entrance of, or within any bay, inlet, harbor, or port of the United States, for the rendering the navigation thereof easy and safe, shall be defrayed out of the treasury of the United States.²³

This *Lighthouse Establishment* would later be known as the Lighthouse Service and would not become part of the Coast Guard until 1939. However, it was an important organization of the new federal government and the highly dedicated lighthouse keepers saved the lives of many shipwreck victims in the course of their duties. Ida Lewis, keeper of the Lime Rock Lighthouse, saved the lives of 18 people during her 39-year career. Marcus Hanna, keeper of the Cape Elizabeth Light is probably the only person to receive the Congressional Medal of Honor and the Gold Lifesaving Medal. The lighthouse keepers truly demonstrated one of the Coast Guard's core values – devotion to duty.²⁴

Although the Coast Guard only mans one lighthouse today (Boston Harbor Light), it still carries out many of the same duties of the Lighthouse Service today in its Aids to Navigation (ATON) mission currently carried out by the O community. While the advances in electronic and satellite navigation have all but eliminated the need for the nation's lighthouses, the ATON mission is still critical to the prevention of marine casualties and the Coast Guard today maintains the largest ATON system in the world with more than 50,000 aids.²⁵ ATON units will become a part of the new Coast Guard Sectors and will be one of the prevention activities that the Sectors are responsible for.

²³ From 1 Stat. L., 53, passed in 1789 to create the Lighthouse Establishment.

²⁴ *An Overview of Coast Guard History*. Available [Online]

http://www.uscg.mil/hq/g-cp/history/h_USCGhistory_Text.html, [18 February 2004].

²⁵ Harold Kennedy, *Coast Guard "Throttles Back" on Operations: Budget shortfalls force reductions in anti-drug patrols, slower rescue efforts*, National Defense, August 2000, Available [Online] <http://www.nationaldefensemagazine.org/article.cfm?Id=232>, [22 May 2004].

2. The Revenue Cutter Service

In his book *The Coast Guard Under Sail: The U.S. Revenue Cutter Service 1789-1865*, author Irwin H. King describes the situation that led to the formation of the Coast Guard's first military organization as follows:

The army was small, the navy now nonexistent, the treasury was empty. The United States owed debts to its citizens and to foreign countries. There was no revenue flowing into the treasury, and although Congress quickly passed an import tariff to raise some, no organization existed to collect it; until such an organization was established, none of the new president's problems could be solved.²⁶

Alexander Hamilton; the new Secretary of the Treasury, suggested that the nation build "so many boats or cutters, not to exceed ten, as may be deployed for the protection of revenue."²⁷ The Tariff Act of 1790 authorized the building of 10 cutters and the organization alternately known as the *Revenue-Marine*, *Revenue Service*, and the *system of cutters* was born. This federal law enforcement service of 100 individuals was officially named the Revenue Cutter Service in 1863. The organization was initially charged with a single duty; to assist in the collection of customs duties and tonnage taxes.²⁸ For nearly seven years the Revenue-Marine cutters were the only armed vessels the young nation operated—because the Navy had been disbanded after the Revolutionary War. Thus, when the Quasi-War with France broke out in 1797, the Revenue-Marine was given its first military tasks. In the same act that authorized the Navy, the President was given permission to augment the Navy with Revenue-Marine cutters when needed.²⁹ This made the Revenue-Marine the first U.S. military force that also had civil law enforcement authority. Military service has continued throughout the Coast Guard's history. The Revenue Cutter Service vessel *Harriet Lane* fired the first maritime round of the Civil War in 1861. During World War II, Coast Guard cutters sank 11 enemy submarines.

²⁶ Irwin H. King, *The Coast Guard Under Sail: The U.S. Revenue Cutter Service 1789-1865* (Annapolis, Maryland: Naval Institute Press, 1989), 2.

²⁷ Quoted in Robert Irwin Johnson, *Guardians of the Sea*, (Annapolis, Maryland: Naval Institute Press, 1987), 1.

²⁸ Act of August 4, 1790 (1 Stat. L., 145, 175) (10 per cutter – a master, three mates, four mariners, and two boys).

²⁹ Act of July 1, 1797 (1 Stat. L. 523, 525).

Today the Coast Guard is the only U.S. military organization that retains this dual civil-military responsibility and it has fought in every major U.S. conflict since the Quasi-War.

The Revenue-Marine, and later the Coast Guard, was also used to enforce slave trade restrictions, combat pirates, enforce quarantine and neutrality laws, & prevent plundering (1812); protect timber reserves (1822); assist mariners in distress during the difficult winter months along the coast (1832); enforce anchorage laws (1889); intercept contraband (1890); enforce prohibition laws (1920); enforce the whaling convention (1932); clear channels of ice (1933); provide meteorological, oceanographic, and search and rescue services (1946); interdict migrants (1964); and enforce fisheries regulations (1976).³⁰ So the legacy of the Revenue Cutter Service is today's law enforcement, drug interdiction, migrant interdiction, fisheries enforcement, polar ice breaking, and defense readiness missions carried out by the Coast Guard O community. All Coast Guard cutters are still considered to be multi-mission platforms, but only the smaller cutters will be controlled by the Sector Commander under the new organizational construct.

3. The Steamboat Inspection Service

The old Coast Guard adage that "marine safety regulations are written in blood and oil" probably began with the advent of the steamship. In the early 1800s the nation was switching from wind-powered sailing vessels to steam-powered vessels. However, these vessels were far from safe. By 1832, fourteen percent of steam-powered vessels were destroyed by explosions and subsequent fires.³¹ In 1837, the steamboat *Pulaski* exploded in North Carolina killing 100 people aboard. This led to legislation establishing the "Service to provide better security of the lives of passengers on board vessels propelled in whole or in part by steam."³² The *Service* became the Steamboat Inspection Service in 1852. The Steamboat Inspection Service became part of the Treasury Department and provided for the inspection of steam-propelled vessels by trained inspectors. Unfortunately the Civil War diverted the nation's efforts away from commercial vessel safety and in 1865 nearly 1,500 people died aboard the stern-wheeler *Sultana* when a boiler exploded and the vessel was engulfed in fire. In 1904, almost

³⁰ *Policy Changes Brought About by Events*: Available [Online] http://www.uscg.mil/hq/g-cp/history/Policy_Changes.html [12 May 2004].

³¹ H. R. Kaplin and James F. Hunt, *This is the Coast Guard*, (Cornell Maritime Press, 1972), 154

³² Act of July 7, 1838 (5 Stat. L., 304).

1,000 lives were lost aboard the *General Slocum* when the vessel caught fire and sank. However, it was not the fire that killed most of the people aboard, it was the lack of proper safety appliances. The life preservers were rotten and filled with cork-dust, which quickly became water soaked and probably caused the death of several people who were wearing them -- as a result of this event, safety regulations were improved. In 1912, more than 1,500 lives were lost aboard the *Titanic* leading to further improvements in certification and life-saving devices.

4. The Bureau of Navigation

As a result of the deplorable conditions and treatment suffered by merchant seamen, congress passed a bill in 1884 establishing the Bureau of Navigation as an agency within the Treasury Department. The Bureau of Navigation was to regulate the employment of seafarers to prevent abuses, collect tonnage dues, and administer navigation laws. In 1903 both the Bureau of Navigation and the Steamboat Inspection Service were transferred to the new Department of Commerce and Labor. After the agencies merged in 1932, and a name change in 1936, President Franklin Roosevelt signed Executive Order 9083, which temporarily transferred the Bureau of Marine Inspection and Navigation to the control of the U.S. Coast Guard. The change was made permanent in 1946.³³

The Steamboat Inspection Service and the Bureau of Navigation were focused on preventative activities that save lives and property. These civilian inspectors and regulators made great improvements in the safety of marine transportation and the working conditions onboard commercial vessels. The legacy of these organizations is today's Coast Guard marine safety mission, including the marine inspection program, marine investigation program, merchant mariner licensing program, and boating safety program. Of these, only the boating safety program is conducted primarily by the O community with the help of the 35,000 volunteer Coast Guard Auxiliary personnel that conduct boating safety courses, courtesy inspections, and other education activities.

The other marine safety programs are normally conducted by the M community. Inspectors in the marine inspection program require years of in-depth training and

³³*Policy Changes Brought About by Events*: Available [Online] http://www.uscg.mil/hq/g-cp/history/Policy_Changes.html [12 May 2004].

experience. They work closely with the maritime industry, in shipyards and during underway and pier-side inspections, to ensure national & international design, construction, equipment, and operations regulations for merchant, fishing, and recreational vessels are followed. The Coast Guard also works with the International Maritime Organization to improve commercial vessel safety on a global scale.

The other program that was spawned by the Steamboat Inspection Service is the marine investigations program. In this program, investigators determine the cause of marine casualties involving commercial vessels. Merchant mariners who are found at be at fault in a marine casualty, may receive civil penalties (fines), may lose their license or document, and/or may face criminal charges. If faulty equipment is found to be the cause of the casualty, new requirements and/or safety recalls may result. Again, the goal is to ensure the safety of mariners.

Most of these traditional M missions of vessel inspections, accident investigations, and regulating the employment of seafarers will be part of the prevention activities of the new Sectors. This is a change from how the current organization carries out these missions. However, the change is not nearly as great as the change in 1942 that brought civilian inspectors into the U.S. Coast Guard. These civilians were awarded temporary commissions as military officers. Those temporary commissions were made permanent in 1946 and many of the Coast Guard officers harbored some resentment toward the inspectors as a result.

5. The Life-Saving Service

The fifth and final organization that was merged to form today's Coast Guard is the U.S. Life-Saving Service. In 1838 the American bark *Mexico* was stranded in the surf less than 200 yards from shore. All 112 passengers and crew died. That incident was only one of many that demonstrated the need for a search and rescue organization that could be placed strategically along the coast to provide assistance to mariners in distress. In 1848, Congress appropriated \$10,000 to build two lifesaving stations and others soon followed but were manned with volunteers who had little training. The Civil War and neglect delayed any further progress for several years until a devastating storm in 1870 caused many fatalities due to shipwrecks. In 1871, Sumner Kimball, chief of the Treasury Department's Revenue Marine Division, revamped the system by convincing

Congress to appropriate \$200,000 to build and fully man a system of lifesaving stations from Maine to Florida. Finally, in 1878 the Congress formally recognized the U.S. Life-Saving Service as a separate agency in the Treasury Department.

The Life-Saving Service was very successful and earned a reputation for honest, efficient, and non-partisan administration and outstanding performance of duty. This was a time in American history “when boats were wood and men were steel.” The Service’s boats were either 700 or 1,000 pound self-bailing, self-righting surfboats that had to be pulled by cart down the beach by men or horses to a location near the wreck. The boat was then launched into the surf and propelled by six surfmen with 12-18 foot oars. Reporters of the times coined terms such as “soldiers of the surf” and “storm warriors” to describe the keepers and the surfmen that manned the lifesaving stations and the smaller lifeboat stations. Each day of the week, except Sunday, the men were expected to drill or clean the equipment. The men were also required to conduct daily beach patrols, often walking over five miles down the beach and back. In October of 1899, Surfman Rasmus Midgett, of the Gull Shoals, North Carolina Station rescued 10 people single-handedly from the wreck of the *Priscilla*, while on patrol. This discipline and the valor demonstrated by Life-Saving Service members resulted in highly professional lifesavers who regularly demonstrated the Coast Guard’s motto: *Semper Paratus* (Always Ready). During the 44 years of its independent existence, the U.S. Life-Saving Service rendered assistance to over 28,000 vessels and over 178,000 people. Only 1,455 people perished while exposed within the scope of Life-Saving Service operations.³⁴

The Coast Guard’s maritime Search and Rescue (SAR) mission, that is still the primary mission of the O community’s small boat stations, is a mission all Coast Guard members are proud to be a part of. The response nature of the mission has led to a “firehouse” culture that is ready to respond whenever the call for assistance is heard. The discipline, training, and drills that were key to the U.S. Life-Saving Service’s success still thrive today at the small boat stations around the country. These men and women consistently demonstrate the Coast Guard’s core values of honor, respect, and devotion to duty. The SAR mission will be part of the response activities of the new Sectors.

³⁴ Dennis Noble, *A Legacy: The United States Lifesaving Service*, Available [Online] http://www.uscg.mil/hq/g-cp/history/h_USLSS.html [22 May 2004].

6. Today's Coast Guard

So today's Coast Guard is an amalgamation of five formerly independent agencies (one military and four civilian) and often changing missions as a result of America's changing maritime needs. Each of the agencies brought with them a proud culture that has been woven into the Coast Guard of today. In 1915, the civilian U.S. Life-Saving Service and the military Revenue Cutter Service were combined to form the U.S. Coast Guard; a military service with broad civil authorities. Interestingly, none of the Lifesavers were offered officer commissions; instead, they became enlisted members of the organization. In 1939 the Lighthouse Service joined the Coast Guard, followed in 1946 by the Bureau of Marine Inspection, which had been formed by an earlier merger of the Steamboat Inspection Service and the Bureau of Navigation. As noted earlier, the inspectors were given officer commissions. In 1967 the Coast Guard was transferred to the newly formed Department of Transportation and in 2003 it again transferred to the Department of Homeland Security.

In response to the new mission focus, it is time for the Coast Guard to again morph into a more effective organization by combining the O and M field units to form Sector commands. This will eliminate the division of authorities and resources and provide tactical unity of command, but there will likely be some initial "growing pains" as the Coast Guard tries to mesh the different sub-cultures of the predominantly response-focused O community with that of the primarily prevention-focused M community. The Coast Guard has changed many times in the past, and each time the American people were better served as a result. This current Coast Guard change initiative should be no different.

D. THE "ACTIVITIES" EXPERIMENT

As a result of the Coast Guard Streamlining Study in 1994, four variations of combined field commands were developed as beta-tests for the concept of Integrated Operations Commands or "Activities." The four Activities (i.e., Activities New York, Activities Baltimore, Activities South Texas, and Activities San Diego) combined O and M field commands and missions. They proved quite effective in most locations around the country. One of the best examples is Activities New York whose members

performed admirably in New York immediately following the attacks on the World Trade Centers in New York City on 9/11/01. The first chapter of the book *Rogue Wave* discusses these events extensively. It also discussed how the Captain of the Port New York, then Captain Richard Bennis (who later retired as an Admiral), felt about combined field commands. Captain Bennis had been Captain of the Port in three of our Nation's largest ports; Charleston, South Carolina; Norfolk, Virginia; and New York, New York (the Coast Guard's largest command). He discussed the differences in those units as follows:

[Before I was at an Activity] I could get a call in the middle of the night from our response team or our investigators [M], saying, for example, this vessel has just hit a bridge. There's a fire there might be an oil spill; we think there are people in the water. We've got to send somebody out there to do the investigation, to gather evidence, and we've got to send people out there to respond to the possible oil spill. The Group [O] has already sent their rescue boat out; they don't want to send their stand-by ready boat out, so we've [M] got to get a ride from somebody else – maybe one of the [civilian commercial] harbor pilots can take us out there, and we'll keep you posted. They'd call back in half an hour saying they were having trouble getting across the harbor, and could you call the Group Commander [O] and get him to free-up his ready boat, because the crew is uncomfortable releasing it. That was the norm.

Now, in New York [combined O and M Activity], I get one phone call: an event has just happened, a boat is underway with SAR folks [O], and members of the response team [M], and we've got a second boat standing by for the investigators [M] and they'll be going out shortly. That was an absolute joy for me.³⁵

In at least one location the Activities experiment did not work as well. In 1996, Activities South Texas (AST) was formed by the merger of Marine Safety Office Corpus Christi [M] and Group/Air Station Corpus Christi [O]. These commands were not co-located. Instead, they remained in locations separated by about 10 miles. Although the efficiency and effectiveness of service was improved, and field level “stovepipes” were reduced, there were significant problems encountered that eventually led to the

³⁵ P. J. Capelotti, CPO, Ph.D., *Rogue Wave: The U.S. Coast Guard on and after 9/11*, (U.S. Coast Guard Historian's Office), 13. Words in [] added by author of this thesis for clarity.

disestablishment of AST and a return to the previous structure of one MSO and one Group/Air Station. These problems included:³⁶

1. The District program managers were not included in the team that tasked the field units to merge. Therefore, there was no commitment or support for the effort from those individuals.
2. The success in eliminating “stovepipes” at the field unit level did not carry over to the District level. In fact, the District program managers strongly objected to the local initiatives to redistribute work to improve efficiency.
3. Putting AST between the previous field units and District added an administrative layer that added no value.
4. The organization was not well understood by District, or Headquarters staffs. Several communications from District 8 and Headquarters were misdirected. The Chain of Command was not followed (subordinate units received tasking without AST’s knowledge).
5. Other Groups and MSOs in the District did not merge, so it was confusing for the higher levels of the organization.

Some final conclusions from the AST experiment were that at a minimum, co-location is mandatory.³⁷ Also, major efficiencies cannot be achieved as long as there are separate O and M programs at the higher levels.³⁸ These problems, especially numbers 2, 3, and 4 above, seem to suggest that it may be necessary for the Coast Guard to make further changes—beyond merging the field units into Sector commands.

The current Sector organization has been modeled after the Activities New York design, although it will likely not be possible to co-locate all Marine Safety Offices, Groups, Vessel Traffic Services, and Air Stations that share areas of responsibility. But much has been learned from the Activities beta tests and they were shown to significantly enhance effectiveness, multi-mission capability, unit/program coordination, and customer service – as long as one or more of the following four core characteristics were present:³⁹

³⁶ Commander Activities South Texas Letter to Commander Eighth Coast Guard District, *Evaluation of the “Coast Guard Activities” initiative, from the Activities South Texas Perspective*, 28 February 1997.

³⁷ Commander Activities South Texas Letter to Commander Eighth Coast Guard District, *Evaluation of the “Coast Guard Activities” initiative, from the Activities South Texas Perspective*, 28 February 1997.

³⁸ Commander Coast Guard Group Corpus Christi to Commander Eighth Coast Guard District, *Activities South Texas Evaluation, from the Group/Air Station Perspective*, 10 January 1997.

³⁹ Coast Guard Chief of Staff ALDIST 094/99 message entitled, *Guidance on Implementing Results of Integrated Operations Command (IOC) Evaluation*, March 22, 1999.

1. Integrated Command Center for all commands in each area of responsibility
2. Single point-source broker of assets at the field unit commander level
3. Integrated operations concept where Group, Port, and Air operations personnel work side-by-side
4. Co-location of field level command and control (C²) organizations

The approved Sector organizational construct the Coast Guard is adopting attempts to capture these four core characteristics. However, the former Group Corpus Christi Commander's belief that major efficiencies could not be achieved as long as there were separate O and M programs at the higher levels, may indicate that further reorganization, at the higher levels, will be necessary.⁴⁰

E. LAYOUT OF THE REMAINDER OF THE THESIS

Chapter II is a brief review of the relevant literature on the concepts of unity, public sector mergers, organizational change, organizational design, vertical alignment, and high-performance government organizations. Since each of these topics represent a substantial body of knowledge in its own right, I have attempted to limit the discussion to a few models and examples in the literature that have a direct bearing on the research questions being asked in this thesis.

Chapter III describes the research methods used in this project, which included e-mail surveys, face-to-face and telephone interviews, a sample use-case (exercise), and my review and evaluation of documents produced by the participants of a Coast Guard Staff Reorganization Summit held in November of 2004.

Chapter IV gives the results of this research and also discusses those results with respect to what was learned from the published literature.

Chapter V provides conclusions and attempts to answer the questions posed by this project. It also gives recommendations as to the preferred "way ahead" for the Coast Guard. This chapter also recommends areas for further research.

⁴⁰ Commander Coast Guard Group Corpus Christi to Commander Eighth Coast Guard District, *Activities South Texas Evaluation, from the Group/Air Station Perspective, 10 January 1997*.

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II. LITERATURE REVIEW

This chapter gives a brief discussion of the published literature that is directly germane to the research questions asked by this thesis. It is by no means an exhaustive treatment of any of the subtopics below. Each of the subheadings represents a substantial body of literature, in its own right, and there is insufficient space here to adequately summarize that literature. Rather, I have attempted to glean works from the literature that have a direct bearing on the questions asked by this thesis.

A. THE CONCEPT OF UNITY

As stated in the introduction, D. Wayne Taylor, professor at the DeGroote School of Business, McMaster University in Ontario, Canada maintains that unity is one of the most important tenets of good governance. Taylor cites many classic works on management theory to support his assertions, some of which will appear below. Taylor defines governance as, “the responsibility and accountability for the overall operation” of an organization. In particular, he states that unity of command, unity of direction, and unity of accountability are keys to success.

The concept of unity of command dates back more than 2000 years. In Matthew 6:24 of the Holy Bible, Jesus of Nazareth said, “No one can serve two masters...” According to the Joint Staff Officers’ Guide, “The purpose of unity of command is to ensure unity of effort under one responsible commander for every objective...”⁴¹ The Coast Guard’s primary doctrine (Coast Guard Pub 1) states unity of effort as one of the seven principles of Coast Guard operations. It states, “The concept known as the “chain of command” is an essential element to achieving internal unity of effort. Chain of command recognizes the principle that every person—and every unit—in a military organization reports to someone higher up. In a given operation, there can be only one responsible commander.”⁴² D. Wayne Taylor wrote, “The violation of this principle

⁴¹ Joint Forces Staff College Pub 1, *The Joint Staff Officer’s Guide 2000*, (Washington, D.C. – U.S. Government Printing Office, 2000) 3-16.

⁴² *U.S. Coast Guard America’s Maritime Guardian: Coast Guard Publication 1*, (U.S. Coast Guard: 1 January 2002), 75.

creates confusion, undermines authority, threatens stability, breeds irresponsibility and, if long-lasting, wreaks havoc.” He also wrote, “Bifurcation of authority is a recipe for disaster.”⁴³

Unity of direction is defined as, “higher performing organizations have only one strategic plan, mission (or set of missions), and vision at any one time.” Taylor states, “For any organization to be strategically successful it is crucial that there be a high degree of strategic alignment, fit or congruence among the organization’s mission, vision, goals, strategy, structure, culture leadership style, resource deployment and investment, incentive system, skill sets, and performance measures.”⁴⁴ Successful change management requires a shared vision of the future, so this concept of unity of direction is also critical to the current Coast Guard change initiative. Back in 1949 Henry Fayol named unity of direction as one of the 14 principles of management. He wrote, “While there is always a risk of rigidity, there must be a unity of purpose and goal congruence. The plan must be agreed upon and have support at all levels. Communication is important; both up and down the hierarchy.”⁴⁵ Unity of direction does not necessarily require a unitary command structure. However, it becomes easier if the organization has a unified structure because one person is ultimately in charge of approving the vision and strategic plan for the entire organization.

Unity of accountability is the third key to success. It is defined by Taylor as, “Everyone, including the CEO, must be held accountable for the exercise of authority in executing his/her responsibilities.” He also wrote, “If there is duality in the channels of accountability then responsibility will be bifurcated and authority weakened.” Further, he wrote, “Taken to the extreme, dual or shared accountability can precipitate a “transaction logjam” where action is replaced with paralysis.” And, “Unity of accountability is simply good, sound management.”⁴⁶

⁴³ D. Wayne Taylor. *Facts, Myths and Monsters: Understanding the Principles of Good Governance*, The International Journal of Public Sector Management (Bradford) Vol. 13, Iss. 2/3 (2000) 108.

⁴⁴ D. Wayne Taylor. *Facts, Myths and Monsters: Understanding the Principles of Good Governance*, The International Journal of Public Sector Management (Bradford) Vol. 13, Iss. 2/3 (2000) 108.

⁴⁵ Henry Fayol, *General and Industrial Management*, (Pittman Books, London, 1949).

⁴⁶ D. Wayne Taylor. *Facts, Myths and Monsters: Understanding the Principles of Good Governance*, The International Journal of Public Sector Management (Bradford) Vol. 13, Iss. 2/3 (2000) 108.

One of the pioneers of management theory, Henry Fayol, defined the five elements of management back in 1916. That work was translated into English in 1949. These elements still hold true today, and three of the five addressed this concept of unity:

- Prevoyance – examining the future and drawing up a plan of action. (*strategic planning*)
- To organize – build up the structure, both material and human, of the undertaking. (*organizational design*)
- To command – maintain activity among the personnel. (*unity of command*)
- To co-ordinate – binding together, unifying and harmonizing all activities and effort. (*unity of effort*)
- To control – seeing that everything occurs in conformity with established rule and expressed command. (*unity of accountability*)

These elements still holds true today, especially in a hierarchical organization like the Coast Guard. As noted earlier, Fayol also named unity of direction as one of his 14 management principles.⁴⁷ Another of the 14 principles was unity of command. Unity will be a key concept in the discussions throughout the remainder of this thesis.

One of the problems unity may cause is the lack of checks and balances, like those that were designed into our system of federal government; with its three branches—each with incomplete power. However, the Coast Guard has decided, at least at the field level, that unity is a desired trait for the organization.

B. PUBLIC SECTOR MERGERS

Much has been written about organizational change in the private sector including excellent works on mergers, restructuring, and reorganization efforts by many large corporations.⁴⁸ There is also some published research on private sector mergers but this literature is much more scattered and fragmented.⁴⁹ These studies have offered suggestions on how to ensure success and what errors and pitfalls to avoid. It is clear from the limited literature on public sector reorganization that it is more difficult to

⁴⁷ Henry Fayol, *General and Industrial Management*, (Pittman Books, London, 1949).

⁴⁸ Harvard Business Review. *Mergers and Acquisitions*. (Boston: Harvard Business School Publishing Corporation, 2001).

⁴⁹ Peter Frumkin, *Making Public Sector Mergers Work: Lessons Learned*. IBM Center for the Business of Government – Transforming Organizations Series. 2003, accessed 21 February 2005; available from http://www.businessofgovernment.org/pdfs/Frumkin_Report.pdf; Internet.

measure the success of these initiatives in the private sector because there are no shareholders and because the public agencies are not normally in direct competition with other agencies for the services they are providing. Rather, Harvard Professor Peter Frumkin states, “Increased value can take the form of improved services through coordination, increased efficiency, lower costs to the taxpayer, and increased accountability to the public.”

In his work entitled *Making Public Sectors Work: Lessons Learned*, Peter Frumkin reviewed the literature on public sector mergers and developed a “Checklist for Merger Managers.” He broke the checklist down into the four stages shown below:⁵⁰

Deciding to Merge

- *Identify benefits of the merger beyond cost savings.*
- *Assess the strength of the opposition, if there is any, and develop a response.*
- *Secure full support from key political leaders and as many stakeholders as possible before beginning the merger.*

Planning the Merger

- *Waste no time in the planning process.*
- *Be clear about mission and the desired results.*
- *Keep the legislature informed.*
- *Establish open lines of communication with the media.*

Implementing the Merger

- *Make sure that whoever is making executive decisions with regard to the merger understands all of the cultural issues involved.*
- *Communicate openly with constituency groups and other public sector agencies.*
- *Find clear benefit for employees and publicize them.*
- *Build something new, rather than adding two systems together.*

Following Up on the Merger

- *Keep the focus on the customer.*
- *Prepare for potential high transaction costs due to the merger.*
- *Be sensitive to lingering effects of physical and cultural consolidation.*
- *Reform of standardized performance measurement methods.*
- *Always be ready to adjust.*

Since the first two stages are already mostly completed, this thesis will primarily focus on the final two stages in the discussion found in the final chapter.

⁵⁰ Peter Frumkin, *Making Public Sector Mergers Work: Lessons Learned*. IBM Center for the Business of Government – Transforming Organizations Series. 2003, accessed 21 February 2005; available from http://www.businessofgovernment.org/pdfs/Frumkin_Report.pdf; Internet.

In 2003, the U.S. Government Accounting Office (GAO) released a document entitled, *Results-Oriented Cultures: Implementing Steps to Assist Mergers and Organizational Transformations*. In that work, the GAO defined nine key practices that are central to successful mergers, acquisitions, and transformations. They are:⁵¹

1. **Ensure top leadership drives the transformation.**
Leadership must set the direction, pace, and tone and provide a clear, consistent rationale that brings everyone together behind a single mission.
2. **Establish a coherent mission and integrated strategic goals to guide the transformation.**
Together, these define the culture and serve as a vehicle for employees to unite and rally around.
3. **Focus on a key set of principles and priorities at the outset of the transformation.**
A clear set of principles and priorities serves as a framework to help the organization create a new culture and drive employee behaviors.
4. **Set implementation goals and a timeline to build momentum and show progress from day one.**
Goals and a timeline are essential because the transformation could take years to complete.
5. **Dedicate an implementation team to manage the transformation process.**
A strong and stable team is important to ensure that the transformation receives the needed attention to be sustained and successful.
6. **Use the performance management system to define responsibility and assure accountability for change.**
A “line of sight” shows how team, unit, and individual performance can contribute to overall organizational results.
7. **Establish a communication strategy to create shared expectations and report related progress.**
The strategy must reach out to employees, customers, and stakeholders and engage them in a two-way exchange.
8. **Involve employees to obtain their ideas and gain their ownership for the transformation.**
Employee involvement strengthens the process and allows them to share their experiences and shape policies.
9. **Build a world-class organization.**
Building on a vision of improved performance, the organization adopts the most efficient, effective, and economical personnel, system, and process changes and continually seeks to implement best practices.

⁵¹ *Results Oriented Cultures: Implementing Steps to Assist Mergers and Operational Transformations*, United States Government Accounting Office (GAO-03-669, July, 2003), 2-3.

One of the major challenges of successfully merging two organizations, or two parts of the same organization, is merging the cultures or sub-cultures or the employees from the different groups. Peter Frumkin believes the organization must create a new culture. In *Making Public Sectors Work: Lessons Learned*, he wrote:

Mergers do not involve simple addition or deletion of agency features. They demand the creation of something new. A critical element in institutionalizing change is thus the construction of a new organizational culture, one that is different from those existing in any of the merged agencies.⁵²

In the article, *Reshaping an Industry: Lockheed Martin's Survival Story*, Norman R. Augustine describes the 1995 merger of the Defense contracting giants Lockheed and Martin Marietta to form Lockheed Martin. He has gleaned several lessons from this study and one of those regards merging of cultures. He wrote:

Forging a culture from two existing ones means accepting the heretical notion that everything one group did in the past *wasn't* perfect and that everything the other group did *wasn't* flawed. Building a new culture means embracing the best of the best with an open mind.⁵³

One of the most widely accepted theories of organizational cultures is the Competing Values Theory developed by R. E. Quinn and others. The theory is depicted in Figure 6 (found on the next page). The model states that all organizational cultures can be placed within one of four quadrants Clan, Adhocracy, Hierarchy, or Market. Where the culture lies is determined by where the culture falls on two opposing continuums. The horizontal axis is the continuum from Internal Focus and Integration to External Focus and Differentiation. The vertical axis is a continuum from Flexibility and Discretion to Stability and Control. Theoretically, it is more difficult for cultures to merge if they lie in different quadrants of the model. This model will be discussed further in the final chapter.

⁵² Peter Frumkin, *Making Public Sector Mergers Work: Lessons Learned*. IBM Center for the Business of Government – Transforming Organizations Series. 2003, accessed 21 February 2005; available from http://www.businessofgovernment.org/pdfs/Frumkin_Report.pdf; Internet.

⁵³ Norman R. Augustine, *Reshaping an Industry: Lockheed Martin's Survival Story*, in *Harvard Business Review – On Change* (Boston: Harvard Business School Press, 1998), 181.

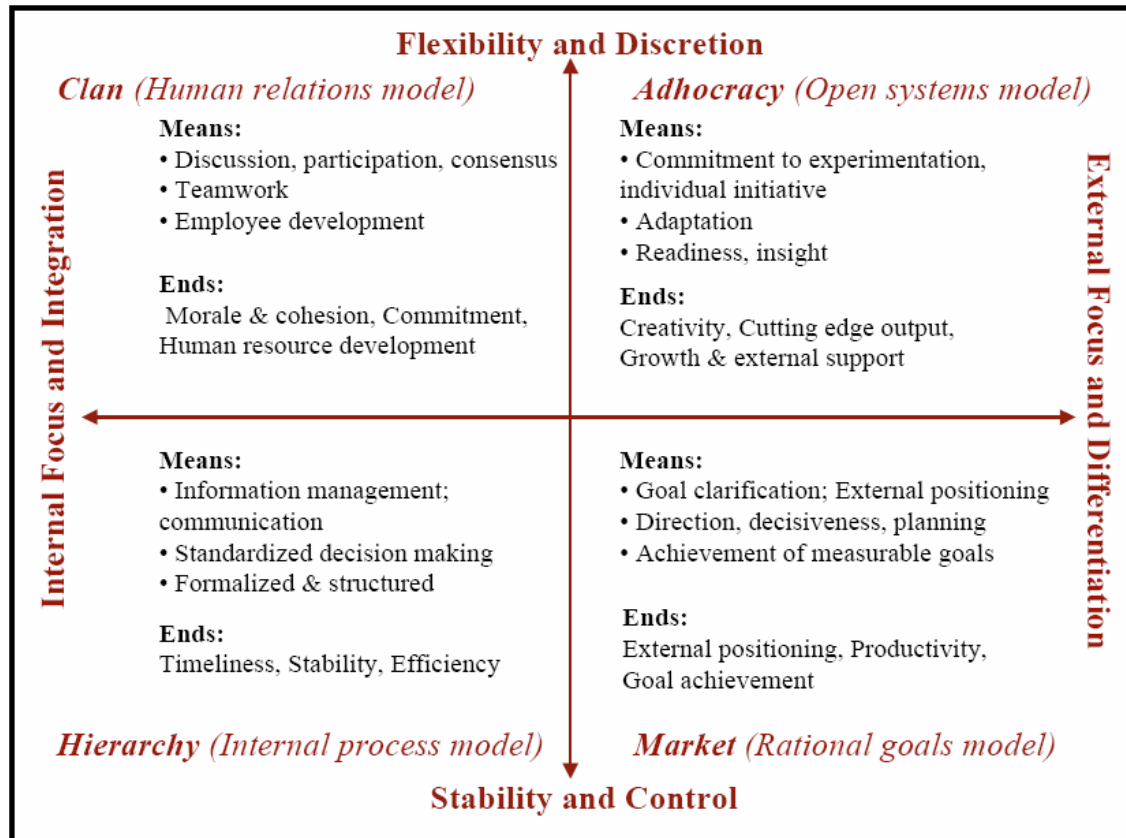


Figure 6. The Competing Values Theory of Organizational Effectiveness
(From Quinn and Rohrbaugh 1983)⁵⁴

C. ORGANIZATIONAL CHANGE

Nearly all of the authors on organizational change agree that most change efforts fail; or at least do not produce the results that were expected and desired. In fact, of the change efforts for *Fortune* 1,000 companies, fewer than 50 percent, and some say as few as 20 percent were successful.⁵⁵ One of the most referenced recent books on organizational change is *Leading Change*, by John P. Kotter, the Konosuke Matsushita Professor of Leadership at the Harvard Business School. In it, Kotter defines an eight-stage process for successfully implementing change initiatives based on his analysis of

⁵⁴ R. E. Quinn and J. Rohrbaugh, *A Spacial Model of Effectiveness Criteria: Towards a Competing Values Approach to Organizational Analysis*, *Management Science* 29 (1983) 363-367.

⁵⁵ Paul Strelbel, *Why Do Employees Resist Change*, in *Harvard Business Review – On Change* (Boston: Harvard Business School Press, 1998), 140.

over 100 companies over a 10-year period and the errors those organizations made that prevented the change initiatives from succeeding. His eight-stage process for creating major change is:⁵⁶

1. **Establishing a sense of urgency.**
 - *Examining market and competitive realities*
 - *Identifying crises, potential crises, or major opportunities*
2. **Creating the guiding coalition.**
 - *Assembling a group with enough power to lead the change*
 - *Getting the group to work together as a team*
3. **Developing a vision and strategy.**
 - *Creating a vision to help direct the change effort*
 - *Developing strategies for achieving that vision*
4. **Communicating the change vision.**
 - *Using every vehicle possible to constantly communicate the new change vision and strategies*
 - *Having the guiding coalition model the behavior expected of employees*
5. **Empowering employees for broad-based action.**
 - *Getting rid of obstacles*
 - *Changing systems or structures that undermine the change vision*
 - *Encouraging risk taking and nontraditional ideas, activities, and actions*
6. **Generating short-term wins.**
 - *Planning for visible improvements in performance, or “wins”*
 - *Creating those wins*
 - *Visibly recognizing and rewarding people who made the wins possible*
7. **Consolidating gains and producing more change.**
 - *Using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision*
 - *Hiring, promoting, and developing people who can implement the change vision*
 - *Reinvigorating the process with new projects, themes, and change agents*
8. **Anchoring new approaches in the culture.**
 - *Creating better performance through customer- and productivity-oriented behavior, more and better leadership, and more effective management*
 - *Articulating the connections between new behaviors and organizational success*
 - *Developing means to ensure leadership development and succession*

Nearly every author on the subject of organizational change cites effective communication as one of the keys to success. In their book, *Communicating Change*:

⁵⁶ John P. Kotter, *Leading Change*, (Boston: Harvard Business School Press, 1996), 21.

Winning employee support for new business goals, T. J. and Sandra Larkin have an entire chapter entitled, “If It’s Not Face-to-Face, It’s Not Communication.” They also cite several studies that show 78-92% of employees want to hear about change from their first line supervisors.⁵⁷ In *Leading Change*, John P. Kotter notes that one of the main errors leaders of change efforts make is, “Under communicating the vision by a factor of 10 (or 100 or even 1,000). He states:

Major change is usually impossible unless most employees are willing to help, often to the point of making short term sacrifices. But people will not make sacrifices, even if they are unhappy with the status quo, unless they think the potential benefit of change are attractive and unless they really believe the transformation is possible. Without credible communication, and a lot of it, employees’ hearts and minds are never captured.⁵⁸

Effective communication will be discussed at more length in the final chapter of this thesis.

D. ORGANIZATIONAL DESIGN

In his work, *Structure in Fives: Designing Effective Organizations* Henry Mintzberg, Cleghorn Professor of Management Studies at McGill University in Montreal, Canada, developed a model of optimal organizational design. He wrote that all organizations, regardless of their organizational strategy, have, in one fashion or another, the following five components: A strategic apex, a middle line of management, a technostructure, a support staff, and an operating core.

Mintzberg wrote, the strategic apex is “charged with ensuring that the organization serves its mission in an effective way, and also that it serves the needs of those who control or otherwise have power over the organization.”⁵⁹ In the current Coast Guard organization, the strategic apex would be Coast Guard Headquarters with some strategic functions being carried out by Area commands.

“The middle line joins the strategic apex to the operating core by the chain of middle managers with formal authority. This chain runs from the senior managers, to

⁵⁷ T. J. Larkin and Sandra Larkin, *Communicating Change: Winning employee support for new business goals*, (New York: McGraw-Hill, Inc. 1994) 86.

⁵⁸ John P. Kotter, *Leading Change*, (Boston: Harvard Business School Press, 1996), 9.

⁵⁹ Henry Mintzberg, *Structure in Fives: Designing Effective Organizations*, (New Jersey: Prentice Hall Publishing, 1992), 13.

first line supervisors who have direct authority over the operation.”⁶⁰ In the Coast Guard organization this would be equivalent to the Area and District commands.

“The operating core of the organization encompasses those members—the operators—who perform the basic work related directly to the production of products and services.”⁶¹ In the Coast Guard, operating core functions are primarily carried out by field units, but others are carried out by District commands and a few are carried out by Area commands and even Headquarters.

The technostructure consists of the technical specialists that determine the best way in which to accomplish tasks. In the Coast Guard, they are probably best defined by the program managers, the training and leadership development centers, the Research and Development Center, and other technical areas of expertise like the Marine Safety Center, for example.

The support staff consists of all units within the organization that “provide support to the organization outside the operating work flow.”⁶² This would include such functions as administration, medical, and logistics functions. In the Coast Guard they would be the Integrated Support Commands (ISCs), Maintenance and Logistics Commands (MLCs), and others. As with the technostructure, these functions may be co-located and/or come from the operating core itself. Just as Coast Guard field units have some administration, logistics, and other support functions of their own.

Mintzberg model is shown in Figure 7 below and each component is further defined in Table 2. The bold italics in Table 2 were added to highlight where different components of the Coast Guard might fall.

⁶⁰ Henry Mintzberg, *Structure in Fives: Designing Effective Organizations*, (New Jersey: Prentice Hall Publishing, 1992), 14.

⁶¹ Henry Mintzberg, *Structure in Fives: Designing Effective Organizations*, (New Jersey: Prentice Hall Publishing, 1992), 12.

⁶² Henry Mintzberg, *Structure in Fives: Designing Effective Organizations*, (New Jersey: Prentice Hall Publishing, 1992), 16.

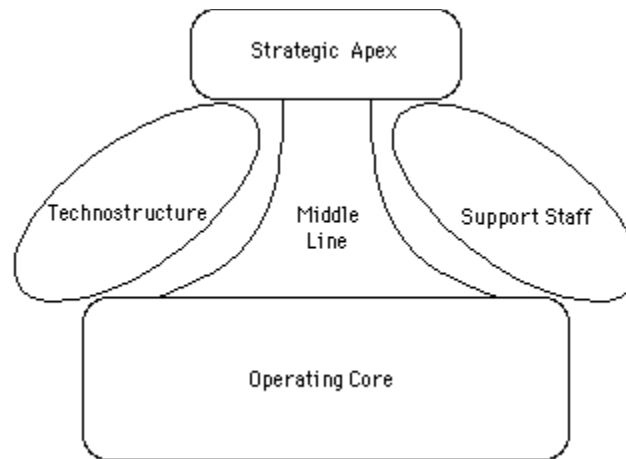


Figure 7. Mintzberg's model of organizational components (From, Mintzberg 1992)

Basic Subunits	
Subunit	Example positions from a manufacturing firm.
Strategic Apex	Board of Directors, Chief Executive Officer, <i>Admirals</i>
Technostructure	Strategic Planning, Personnel Training, Operations Research, Systems Analysis and Design, <i>R&D Center, Program Managers</i>
Support Staff	Legal Counsel, Public Relations, Payroll, Mailroom Clerks, Cafeteria Workers, <i>Integrated Support Commands, Maintenance and Logistics Commands</i>
Middle Line	VP Operations, VP Marketing, Plant Managers Sales Managers, <i>Area Commanders, District Commanders</i>
Operating Core	Purchasing Agents, Machine Operators, Assemblers, Sales Persons, Shippers, <i>Field Units (e.g., MSOs, Groups, Sectors, etc.)</i>

Table 2. Mintzberg's five basic organizational components of an organization (bold italic words added by author - After Mintzberg 1992)

Mintzberg also describes five different types of organizations that develop based on environmental factors and complexity of tasks. They are machine bureaucracy, adhocracy, simple structure, professional bureaucracy, and divisional bureaucracy. These five types are shown in Figure 8. The current Coast Guard organization is either a machine bureaucracy or perhaps a divisional bureaucracy. This model will be discussed further in the final chapter of this thesis in relation to the preferred Coast Guard structure for responding to the dynamic post-9/11 environment.

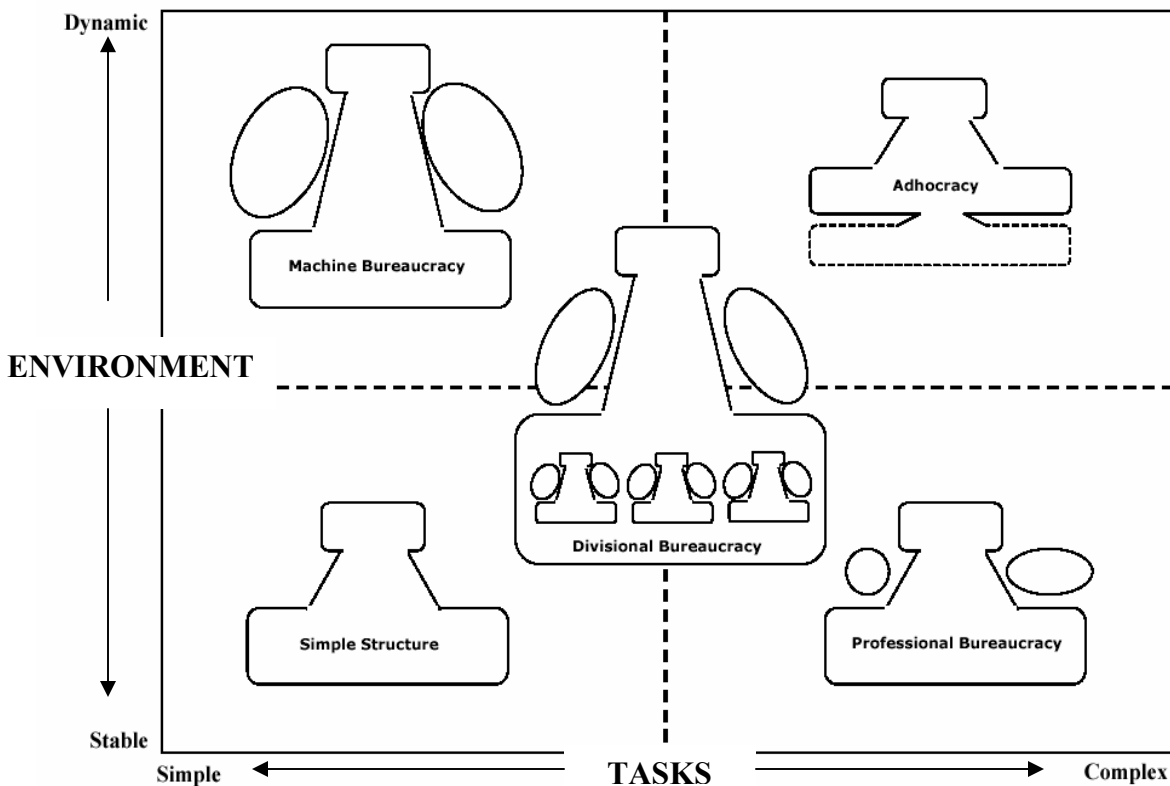


Figure 8. Mintzberg's five types of organization
(After Mintzberg 1992)

The U.S. military tri-level organization functions as follows:

Strategic Level: *(This would be the Strategic Apex according to Mintzberg)*

- Sets Overall National Objectives (Policy & Priorities)
- Establishes Overall Vision (Current and Future Operations)
- Develops High-Level Policy and Doctrine
- Liaison with External Entities (DHS, Congress, DoD)
- Obtains Resources to Accomplish All Missions
- Consistently Looks to the Future

Operational Level: *(This would be the Middle Line according to Mintzberg)*

- Develops Campaign Plans to Meet Strategic Objectives
- Links Strategic & Tactical Levels by Establishing Operational Objectives
- Provides Resource Needs to the Strategic Level (Current & Future Missions)
- Provides Capabilities to Tactical Level
- Executes Development Phase of New Capabilities
- Looks to Both Present and Future Needs

Tactical Level: *(This would be the Operating Core according to Mintzberg)*

- Actual Mission Execution
- Provides Resource or Policy (Capabilities) Needs to the Operational Level
- Concerned Mostly with the Present

Unlike the U.S. military and many agencies within the Department of Homeland Security, which have three primary levels of organization, the Coast Guard currently has four levels: Headquarters, Areas, Districts, and Field Units. However, one more level may be added in some locations when the Sectors are implemented.

E. VERTICAL ALIGNMENT

Vertical alignment refers to the degree with which actual work practices, up and down the organization, support the stated strategic goals of the organization (See Table 1 on page 4 of this thesis for a list of the Coast Guard's strategic goals). In *Seamless Government: A Practical Guide to Re-Engineering in the Public Sector*, the author Russell Linden writes:

When a car is out of alignment, it pulls to one side. The tires wear unevenly, and the ride gets bumpy. When it gets really bad, you have to hold tightly to the wheel just to keep the car on the road. That is what it's like to lead an organization that is out of alignment. The leader has to hold on tight. The ride is rough. Different units are pulling in opposite directions. You may get where you need to go, but it's a lot bumpier, more costly, and more time-consuming than it needs to be. And sometimes you can't get where you need to go.⁶³

In their book, *The Power of Alignment*, authors George Labowitz and Victor Rosansky outline seven problems faced by organizations that are not properly aligned. They are:⁶⁴

- Customer dissatisfaction
- Declining market share
- Poor morale
- Turf warfare
- Inefficient processes
- A chronic inability to improve
- A lack of consensus on ends and means

⁶³ Russell M. Linden, *Seamless Government: A Practical Guide to Re-Engineering in the Public Sector*, (San Francisco: Jossey-Bass Inc, Publishers, 1994) 183.

⁶⁴ George Labowitz and Victor Rosansky, *The Power of Alignment*, (New York: John Wiley and Sons, Inc., 1997).

In the late 1970's, McKinsey and Co. developed the “7-S Framework” as a model for understanding and improving organizational performance. The McKinsey research identified seven key organizational variables that require consistency: three “hard Ss”—structure, strategy, and systems, and four “soft Ss”—staff, symbolic behavior, shared values, and skills. These are each defined below:⁶⁵

The “Hard” Ss

- **Structure** – The organization chart, job descriptions, who reports to whom, and how the units relate to each other
- **Strategy** – The organization’s plan for allocating resources to achieve the goals
- **Systems** – The procedures, processes, and routines that characterize how important work gets done

The “Soft” Ss

- **Staff** – The kinds of people in the organization, their demographics, experience, and education
- **Shared Values** – What the organization stands for, its overarching purpose
- **Symbolic Behavior** – Managerial actions and style and the organization’s culture
- **Skills** – The distinctive capabilities of the organization and its key staff.

This thesis will concentrate mostly on the structure, and systems Ss of this model but the others are also important to keep in mind as the Coast Guard moves forward in these times of rapid change.

F. HIGH-PERFORMANCE GOVERNMENT ORGANIZATIONS

The Coast Guard prides itself on being one of the best-run organizations in the U.S. government; with a vision of being “The World’s best Coast Guard.” In short, the Coast Guard strives to be a high-performance organization. A 1998 book written by seven authors and edited by Mark G. Popovich entitled, *Creating High-Performance Government Organizations: A Practical Guide for Public Managers*, defines high-performance organizations as:

⁶⁵ T. J. Peters and R. H. Waterman, Jr., *In Search of Excellence: Lessons from America’s Best Run Companies*, (New York: HarperCollins, 1982).

High-performance organizations are groups of employees who produce desired goods and services at higher quality with the same or fewer resources. Their productivity and quality improve continuously, from day to day, week to week and year to year, leading to the achievement of their mission.”⁶⁶

The authors also list eight characteristics of high-performance organizations. High performance organizations:⁶⁷

- Are clear in their mission
- Define outcomes and focus on results
- Empower employees
- Motivate and inspire people to succeed
- Are flexible and adjust nimbly to new conditions
- Are competitive in terms of performance
- Restructure work processes to meet customer needs
- Maintain communication with stakeholders

With regard to structure, high performance organizations tend to have flat, flexible hierarchies that function as self-contained businesses, rather than tall, rigid hierarchies with functional departments. The people in these high-performance organizations also tend to be multi-skilled team players, rather than individuals with narrow expertise. Finally, the authors wrote that if public sector organizations are interested in becoming high-performance workplaces they must embrace four fundamental tenets:⁶⁸

- Consistent, sustained leadership focused on high performance
- Willingness to develop performance measures
- Willingness to change whole organizations to provide higher quality and more appropriate services at equal or reduced costs
- Willingness to allocate resources to continuous learning

⁶⁶ Mark G. Popovich et al., ed., *Creating High-Performance Government Organizations: A Practical Guide for Public Managers*, San Francisco: Jossey-Bass Publishers, 1998) 11.

⁶⁷ Mark G. Popovich et al., ed., *Creating High-Performance Government Organizations: A Practical Guide for Public Managers*, San Francisco: Jossey-Bass Publishers, 1998) 16

⁶⁸ Mark G. Popovich et al., ed., *Creating High-Performance Government Organizations: A Practical Guide for Public Managers*, San Francisco: Jossey-Bass Publishers, 1998) 33

The concept of unity, discussed earlier, lends itself to a hierarchical organization, like that of the Coast Guard. However, other types of organizations are also adept at responding to uncertain environments and can become high-performance organizations. One of these types is a matrix organizations where there is joint authority between functional and product heads (e.g., a Design Vice President and a Product Manager) and the individuals working on the products have more than one supervisor, depending on which products they working on. The disadvantages of matrix organizations (and several other organizational types where unity is lacking) are:⁶⁹

- The dual authority may be frustrating and confusing for some employees.
- It is time consuming and involves frequent meetings and conflict resolution sessions.
- It will not work unless participants adopt collegial, rather than vertical-type relationships.

In the book, *Transformational Leadership in Government*, the authors wrote the following about government organizations of the twenty-first century:

Agencies will be aligned around core processes rather than functions. The goal will be to eliminate unnecessary bureaucracy. Leaders and teams will streamline processes. Consequently, levels of bureaucracy will be removed, and organizational charts will reflect the way work is processed in the organization. Government organizations will change from being “tall,” where administrators have a narrow span of control with many levels in the chain of command, to “flat” organizations, where leaders will have a wide span of control with fewer levels of government.⁷⁰

This statement agrees with the Coast Guard’s Sector reorganization plan, in that the Coast Guard field units will be aligned around core processes. However, it is contrary to the above statement in that under the current plan, the organization is not getting flatter. It is, in fact, getting taller in some locations by adding a Sector Commander to the current chain-of-command.

⁶⁹ Robert Duncan, “What is the Right Organization Structure? Decision Tree Analysis Provides the Answer,” *Organizational Dynamics* (Winter 1979). 429.

⁷⁰ Jerry W. Koehler and Joseph M. Pankowski, *Transformational Leadership in Government*, (Delray Beach, FL: St. Lucie Press, 1997) 54.

III. RESEARCH METHODS

The data gathered for this project included e-mail surveys, face-to-face and telephone interviews, a sample use-case (exercise), and my review and evaluation of documents produced by the participants of a Coast Guard Staff Reorganization Summit.

A. SURVEY – COAST GUARD SECTORS

In order to gather data on the first three research questions (see page 4), I developed an e-mail survey and sent it to the Command Cadre (Commanding Officers and Executive Officers) of Coast Guard field offices (i.e., Marine Safety Offices, Groups, Air Stations, Vessel Traffic Services, and combined commands including Sectors, Activities, Group/Marine Safety Offices, and Group/Air Stations).⁷¹ This sample group was chosen because they have recently been, or will soon be, directly affected by the Sector implementation initiative that is currently underway and is scheduled for completion by 2006. These field-level commanders will soon be asked to lead the initial transitions to the Sector organization at each Sector. Thus, I believed their view would be highly important in determining how effective this change effort will be. I was also very interested in where most saw room for improvement in the Coast Guard's plan.

The survey group was developed by gathering e-mail addresses from the Coast Guards intranet global address list, which includes e-mail addresses for every person with access to a Coast Guard standard workstation (i.e., nearly all Coast Guard members). The survey consisted of a series of nine questions involving the individuals' past interactions with the operational level (District and Area) and the strategic level (Headquarters) of the Coast Guard. The Command Cadre personnel were also asked their opinions on the potential benefits and problems that might result from the current change effort. They were also asked to rate the impact of the Sector reorganization on three aspects of unity, described earlier, and on sub-cultural differences in the Coast Guard. (See Appendix I).

⁷¹ Individuals were also invited to pass the survey to others that may have valuable insights -- so some of the respondents are not currently in a field-level command cadre position, but most had served in that capacity in the past few years.

Of the 150 surveys that were sent out 35 (23%) were completed and returned. The results of the survey, including the major themes and related comments, are presented and discussed in the next chapter.

B. INTERVIEWS

As part of a previous project on civil-military relations, I interviewed 8 - Coast Guard Officers with experience in both the (M) and (O) communities, 2 - Coast Guard historians, and 3 - civilian authorities (who are Coast Guard external customers). The interviews were conducted face-to-face or via telephone. While all of the sample sizes of the groups chosen for these interviews are quite small, the views expressed by these individuals offer valuable insight to the research questions asked in this thesis. The questions focused on cultural differences between the O and M communities, how the O and M communities interact with civil authorities, and what problems the Coast Guard is facing post-9/11. For a complete list of the questions asked, see Appendix II.

The eight officers interviewed had an average of at least six years in each community, or as part of combined commands. Many of those interviewed were recommended as interview candidates by those who were interviewed first. It is actually quite rare for Coast Guard officers to have a large amount of experience in both O and M communities. Therefore, those few who do have that experience should be able to provide some valuable insight into this merger of the communities at the field-level.

The two Coast Guard historians were interviewed in an effort to get a historical perspective on earlier Coast Guard change initiatives. These individuals, while not working in either the O or M communities, have a very good understanding of internal Coast Guard organizational issues and bring a wealth of knowledge on past changes that the Coast Guard has made in response to external events.

The civilian authorities included a Director of a county Emergency Management Agency, who is also a retired Coast Guard Chief with over 22 years of experience in both the O and M communities. This local emergency manager works very closely with the local Coast Guard units in planning for and responding to emergencies. I also interviewed a local Marine Police officer who is in charge of a police marine patrol unit. This officer works very closely with local Coast Guard units while providing waterside security on the local waterways and while assisting in maritime search and rescue operations.

Finally, I interviewed a State Department of Natural Resources officer who served as the Co-Chair of the Water Security Committee during the 2004 Group of Eight Summit; a National Special Security Event (the Coast Guard Captain of the Port was the other Co-Chair). This state law enforcement officer has also worked closely with the Coast Guard for many years.

C. USE-CASE: SECTOR COMMANDER EXERCISE

In an effort to gather information on potential positive or negative effects on unity in the Coast Guard organization after Sector implementation, and better answer the first three research questions asked by this thesis (see page 4), the 150 members of the Command Cadre study group were also e-mailed a ‘use-case’ in the form of an exercise scenario designed by the author (See Appendix III). Again, 35 (23%) filled out and returned the use-case. The use-case forced the respondents to decide if it was more important to respond to an unconfirmed MAYDAY call (i.e., Search and Rescue) or to maintain standard maritime security enforcement on an anhydrous ammonia tank ship during a period of heightened security (i.e., Ports, Waterways, and Coastal Security). Anhydrous ammonia is primarily used for soil fertilization as a source of nitrogen. It is also used in metal treating operations, and by the chemical industry to produce a variety of chemicals.⁷² In its pure form it is a colorless, flammable, toxic, alkaline gas that can result in burns on contact with eyes, skin, and mucous membranes. Most deaths from anhydrous ammonia are caused by severe damage to the throat and lungs. When large amounts are inhaled, the throat swells shut and the victim suffocates. Exposure to the vapors may also cause blindness.⁷³

Additionally, in an effort to determine if they would give the same answers as the field commanders, and to shed more light on the first three research questions, 91 District O and M Staff officers were e-mailed the same use-case. Twenty four (26%) were completed and returned. The District Staff e-mail addresses were also gathered from the Coast Guard intranet global address list.

⁷² Corp Brothers Inc., (*NH₃*) *Anhydrous Ammonia*, Available [Online]

<http://www.corpbrothers.com/productcgc/anhydrous.htm>, [30 November 2004].

⁷³ Safe Farm, *Play it safe with anhydrous ammonia*, Iowa State University Information Paper (April 1993) 1.

In the scenario, the respondent plays the role of a Sector Commander with a Tier-1 port that is at Maritime Security Condition (MARSEC) Level II (roughly equivalent to a Homeland Security Advisory Condition of Orange). There is heightened concern about energy infrastructure and specifically a concern for tank ships. There is a 2-boat armed escort enforcing a moving security zone around an anhydrous ammonia ship transiting down the main shipping channel when a MAYDAY call is heard from a nearby vessel. All available assets are in use or non-operational. There are no other assets available. The respondents were forced to decide between sending one of the boats providing security for the anhydrous ammonia vessel to an unconfirmed SAR call, or not sending the boat and risk death or injury to the two adults and one child reported to be in the water. The results from the use-cases are graphically displayed and discussed in the next chapter.

D. COAST GUARD REORGANIZATION SUMMIT

On September 8-9, 2004, a Coast Guard Staff Reorganization Summit (Summit) was held at Coast Guard Maintenance and Logistics Command Atlantic. Participants included representatives from five Districts (D1, D5, D7, D8, and D9), seven Area Directorates (Planning (Ap), Operations (Ao), Intelligence (Ai), Communications (AT), Public Affairs (PA), Marine Safety (Am), and Resources (Ar)), one Marine Safety Office, one Maintenance and Logistics Command (MLC LANT), two from Headquarters, as well as a facilitator. The purpose of the Summit was: “To develop a structural framework for vertical alignment throughout the Coast Guard.” Pacific Area also conducted similar work concurrently and the final deliverables were negotiated at a LANT/PAC meeting before briefing the Coast Guard Chief of Staff on several alternative organizational structures that were developed. The results of this work were presented to the Coast Guard Chief of Staff on November 3-4, 2004.

In an effort to address the last two research questions of this thesis (see page 4), I reviewed documents produced by the participants in the Summit. The outcomes of the LANTAREA and PACAREA alignment work are described, analyzed, and discussed in the context of the questions asked by this research. To conduct this analysis, I reviewed the following documents:

- *Agenda – Coast Guard Staff Reorganization Summit*
 - Provided a list of participants and basics explanation of what was done
- *Constraints*
 - A list of seven constraints that guided the discussion
- *Guiding Principles*
 - A list of 12 guiding principles sent in a read-ahead and validated by the participants
- *What We Want the Flags to Know*
 - A list of 18 things the participants wanted the Admirals (who will ultimately make decisions regarding further reorganization) to know
- *Opening Discussion*
 - A list of 13 opening comments made by the participants on September 8, 2004
- *Major Questions and Issues*
 - A list of 7 major questions that were unresolved prior to the Summit
- *Why We Need to Reorganize*
 - 15 reasons that reorganization is necessary
- *Evolving Areas*
 - A PowerPoint presentation with 4 alternative organizations for Area Commands
- *Vertical Alignment of Area and Districts with Sectors*
 - Final PowerPoint presentation given to the Coast Guard Chief-of-Staff on November 3-4, 2004

I also reviewed several other internal Coast Guard documents dealing with the role of the Area Commands and their core functions; a document written by Captain Kevin Ross, USCG entitled, *Coast Guard Organizational Initiatives Strategic Framework*; a *Draft Report of the LANTAREA Core Business Study Team - 7 April 1993*; two unsigned documents entitled, *Role of the Operational Commander*, and *Operational Role of the Operational Commander*.

Finally, all of these documents, as well as a *Ports Waterways and Coastal Security Mega-Concept of Operations* (produced by the Anteon Corporation for Coast Guard Headquarters in June of 2004) were used to evaluate alternatives based on what I have learned from the literature (discussed in the previous chapter).

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IV. RESULTS AND DISCUSSION

A. SURVEY – COAST GUARD SECTORS

In the survey sent to field-level Command Cadre, 150 were sent out and 35 (23%) were completed and returned. Of the 35, only 2 were from individuals who are not currently in a Command Cadre position at a field unit. However, both had some experience at combined field units. The average experience levels of the respondents was over 22 years of service, and the average experience with combined commands was 3 years (this includes 13 individuals who have had no experience at combined commands). Responses were received from field units in all Districts except for the 14th Coast Guard District. The responses broke down as follows:

- (12) from Marine Safety Offices [M]
- (6) from Groups [O]
- (5) from Group/Air Stations [O]
- (4) from Group/MSOs [O/M]
- (3) from Air Stations [O]
- (2) from Activities [O/M]
- (2) from Other
- (1) from a Sector [O/M]
- (0) from VTSs

This sample group was first asked to list the top two specific benefits of merging Coast Guard field units into Sectors. Table 3 shows the results in rank order. Over half (23) of the respondents answered, *Improved Use of Resources*. They noted that by combining and controlling M and O field resources, Sector Commanders should be better able to prioritize the use of those resources. They also noted that other efficiencies and synergies should be gained by combining such things as planning, logistics, and administration functions at the Sector level. Several also noted the advantages of having all skill-sets together. They believe this will increase capabilities and effectiveness and result in better, more-timely, responses to emergencies. One respondent in this category also noted that the Coast Guard should be able to save some money in the future by

combining the field commands and better utilizing resources. Just over half of the respondents (18) answered *Unity of Command* or *Unity of Effort*. They noted the advantages of having a clear chain-of-command and better, more-timely, responses to emergencies. The next most common response was, *Better Understanding of All Missions*. These respondents believe that Coast Guard personnel will gain a better understanding of the full suite of missions and would become better cross-trained. As one respondent noted, this merger should produce “...smarter all-around Coasties that don’t sail by violators for lack of awareness.”

Rank	Response	Number of Responses Total N=70
1	<i>Improved Use of Resources</i>	23
2	<i>Unity of Command</i> or <i>Unity of Effort</i>	18
3	<i>Better Understanding of All Missions</i>	10
4	<i>Better Customer Service</i>	8
5	<i>Eliminate Stovepipes</i>	4
6	<i>Improved Communication</i>	3
7.5	<i>Common Operating Picture</i>	2
7.5	<i>Force Further Reorganization at District, Area, and/or Headquarters</i>	2

Table 3. Reported benefits of Sector Implementation

The sample group was next asked to list the top two potential problems that Coast Guard Sectors will create; some respondents gave more than two answers. The results are shown in Table 4. The top two response themes to this question were, *Loss of Expertise* (10) and *Skill Set Miss-match* (9). Here, respondents were concerned that the Coast Guard would become an organization of “Jacks of all trades – masters of none.” Many noted that it takes many years to become proficient in such areas as commercial vessel inspection, port operations, aviation, law enforcement, and search and rescue.

They fear that we will lose our experts and, with that, our ability to perform our missions well.

Rank	Response	Number of Responses Total N=75
1	<i>Loss of Expertise</i>	10
2	<i>Skill Set Miss-match</i>	9
4	<i>Clash of Sub-culture</i>	7
4	<i>Change is Difficult</i>	7
4	<i>Loss of Command Opportunities</i>	7
6	<i>Reduced Customer Service</i>	6
7.5	<i>No Money or Resources for Implementation (Billet Neutral)</i>	5
7.5	<i>Creates Span of Control That is Too Large</i>	5
9	<i>Too Much Standardization (one size does not fit all)</i>	4
10	<i>Vague Chain of Command at District, Area, and Headquarters</i>	3
12	<i>Creates Another Organizational Level = Another Level of Bureaucracy</i>	2
12	<i>Will Decrease Morale (people like small tight-knit units)</i>	2
12	<i>Workload for Command Staff will be Too Great</i>	2
16.5	<i>Huge Administrative Workload yet No Executive Officer</i>	1
16.5	<i>Aids to Navigation is Ignored</i>	1
16.5	<i>Sector Commander Does not Have Enough Control of Logistics</i>	1
16.5	<i>Will Not Work Well if Not Co-Located</i>	1
16.5	<i>Larger = Less Responsive</i>	1
16.5	<i>It Didn't Work in the Past</i>	1

Table 4. Reported negative impacts of Sector implementation.

The respondents were also concerned that the Sector Commander may not have the skills or experience to make the proper decisions on course-of-action. One respondent wrote, “The most glaring example of this is Air Station-led Sectors. The assignment of Aviators to the Captain of the Port/Federal Maritime Security Coordinator positions assumes that anyone can do the job and does a disservice to the marine safety personnel who take 15-20 years to gain the qualification and competencies to hold that position.” Another, stated, “M folks know little to nothing about running surface or aviation operations, however with their limited port small boat operations, and occasional aviation contact – they think they know how to run operations! They do not possess the risk evaluation skills necessary to properly respond to events involving surface/aviation assets.”

These responses are related to the next two most common responses, each mentioned by seven respondents, *Clash of Subcultures*, and *Change is Difficult*. The subject of change is very broad indeed, and a quick scan of the Business section of a bookstore or library will show that there is much literature on the subject. This subject will also be discussed throughout the rest of this thesis. Also receiving seven responses was, *Loss of Command Opportunities*. By merging the tactical field units many previous command positions will no longer exist. This has some worried about career progression for officers. Other responses included *Vague Chain of Command at District, Area, and Headquarters* (3) and *Creates Another Organizational Level = Another Level of Bureaucracy* (2). These concepts will be discussed further in the final chapter of this thesis.

The third question asked if there were additional internal problems the Coast Guard was facing as a result of 9/11 that would not be addressed by the creation of Sector Commands. The results are shown in Table 5. The top answer given for this question was *The Entire Organization Should be Re-Organized to Align with the Sectors*. This answer was given by nearly 1/3 of the respondents and was the predominant point-of-view. Responses included, “So critical – then why isn’t Headquarters/Area... reorganizing under the same criteria?” and “THE BIGGEST INTERNAL PROBLEM LEFT AFTER CREATION OF SECTORS IS THE LACK OF REORGANIZATION AT DISTRICTS, AREAS, HEADQUARTERS THAT ARE OVERSEEING THE FIELD.

We need to rapidly reorganize the Districts, at least, to manage these large Sectors. One Sector Commander doesn't need 4-6 Captains at District telling him what to do.” This response refers to the fact that there are usually several Captains working in the Operations Directorate [O] at a District office, along with a Captain working in the Marine Safety Directorate [M].

Rank	Response	Number of Responses Total N=35
1	<i>The Entire Organization Should be Re-Organized to Align with the Sectors.</i>	11
2	<i>Better Training and Qualifications for Our People</i>	5
5.5	<i>All the New Money is Going to DEEPWATER and Other “Sexy” Things Like MSSTs and Arming Helicopters</i>	3
5.5	<i>Too Much Work – Not Enough People to Do It</i>	2
5.5	<i>No Money To Pay for Co-Locating Facilities (and Command Centers)</i>	2
5.5	<i>Mission Priorities Need to Be Set for All Coast Guard Missions</i>	2
5.5	<i>Lack of Understanding – Most Senior Coast Guard Leaders Have Not Been in the Field Post-9/11</i>	2
11.5	<i>Intelligence Capabilities Should Be Improved</i>	1
11.5	<i>No Clear Direction on How Command Authorities Will Work within Sectors</i>	1
11.5	<i>Current Resources Should Be Re-Leveled</i>	1
11.5	<i>Decide if We Are Law Enforcers or Regulators</i>	1
11.5	<i>Other Non-Security Missions are Being Ignored</i>	1
11.5	<i>Loss of Clear Strategic Vision</i>	1
11.5	<i>Getting Into Areas Where We Have No Business (like armed aerial intercept)</i>	1
11.5	<i>We Cannot Have Two Number One Priorities (SAR and MHLS)</i>	1

Table 5. Reported *internal* problems the Coast Guard is facing due to new mission priorities.

The next most common theme was, *Better Training and Qualifications for Our People* (5). Respondents were concerned that the members would not have the training needed to do their job. The third most common answer was, *All the New Money is Going to DEEPWATER and Other “Sexy” Things Like MSSTs and Arming Helicopters*. This answer refers to the fact that much of the Coast Guard’s recent budget increases are being used for recapitalizing aging Coast Guard offshore vessels and aircraft (the DEEPWATER project), special teams like the Maritime Safety and Security Teams (MSSTs), and special programs like arming Coast Guard helicopters. Other themes were widely varied with few repeat answers. Of the 13 other responses, 10 described strategic issues or choices the organization has made, 2 dealt with a shortage of resources, and one described a lack of understanding by the Coast Guard’s senior-level leaders.

The fourth question in the survey asked what the Coast Guard should do to address the problems listed in questions 2 and 3 of the survey. The results of the analysis of that question are given in Table 6. The most common theme was, *Get the Money and People We Need to Do This Right*. Over half of the respondents (16) gave this answer and it was, by far, the predominant point-of-view. Many discussed the frustration of having to implement the Sectors in a resource-neutral manner. As one respondent put it, “Go to Congress and get the money to do this right. If it is such a good idea, Congress will see that and fund it.” Another wrote, “Provide billets to shift to Sectors vice trying to perform another “zero billet growth” miracle.” The next most common response (7) was, *Reorganize Districts, Area, and Headquarters to Align with Sectors*. One respondent wrote, “Recognize that in the long run, the WHOLE CG organization has to be revised.” Another wrote, “Reorganize Districts, Areas, and Headquarters units along the same functional lines as Sectors.” Six respondents recommended that the Coast Guard, *Develop and Fund a Robust Education Program*. Five others wrote, *Clearly and Effectively Communicate the Goals and Vision of This Change Effort*. These suggestions will be revisited in Chapter V of this thesis. Other responses were less frequent and widely varied, but all dealt with strategic issues such as how the Coast Guard should move forward.

Rank	Response	Number of Responses Total N=54
1	<i>Get the Money and People We Need to Do This Right</i>	16
2	<i>Reorganize Districts, Area, and Headquarters to Align with Sectors</i>	7
3	<i>Develop and Fund a Robust Education Program</i>	6
4	<i>Clearly and Effectively Communicate the Goals and Vision of This Change Effort</i>	5
8.5	<i>Slow Down until Planning and Funding Can Catch-Up</i>	2
8.5	<i>Make More/Smaller Sectors</i>	2
8.5	<i>Don't Form Sectors</i>	2
8.5	<i>Allow Sectors to Set Their Own Organization</i>	2
8.5	<i>Don't Force Sectors Where They May Not Work (not co-located)</i>	2
8.5	<i>Delegate Authorities to Lower Levels</i>	2
15.5	<i>Move More Captains to the Field</i>	1
15.5	<i>Have MSSTs Work for Groups or MSOs</i>	1
15.5	<i>Merge MSSTs with Stations</i>	1
15.5	<i>Create Sub-Commands within Sectors</i>	1
15.5	<i>Treat Air Stations Like Cutters or Stations in the Sector Organization</i>	1
15.5	<i>Wherever Possible Integrate Aviation into Sectors</i>	1
15.5	<i>The Coast Guard Should Divest Itself of Marine Inspections, ATON, and Ice Breaking</i>	1
15.5	<i>Keep Charging Ahead – Move Those Who are Obstacles Aside</i>	1

Table 6. Suggested solutions to the Coast Guard's *internal* problems.

The next three questions on the survey dealt with the concept of unity. Questions 5-7 asked respondents about unity of command, unity of direction, and unity of accountability as they relate to the Coast Guard's legacy organizational structure at Districts, Areas, and Headquarters. Individuals were asked to rate each question on a scale of 1 to 5 (i.e., 1 = very negative, 2 = negative, 3 = no noticeable effect, 4 = positive, and 5 = very positive). They were also asked to explain their answer to each question. The results for each question are presented graphically below with a summary of the comments from the participants.

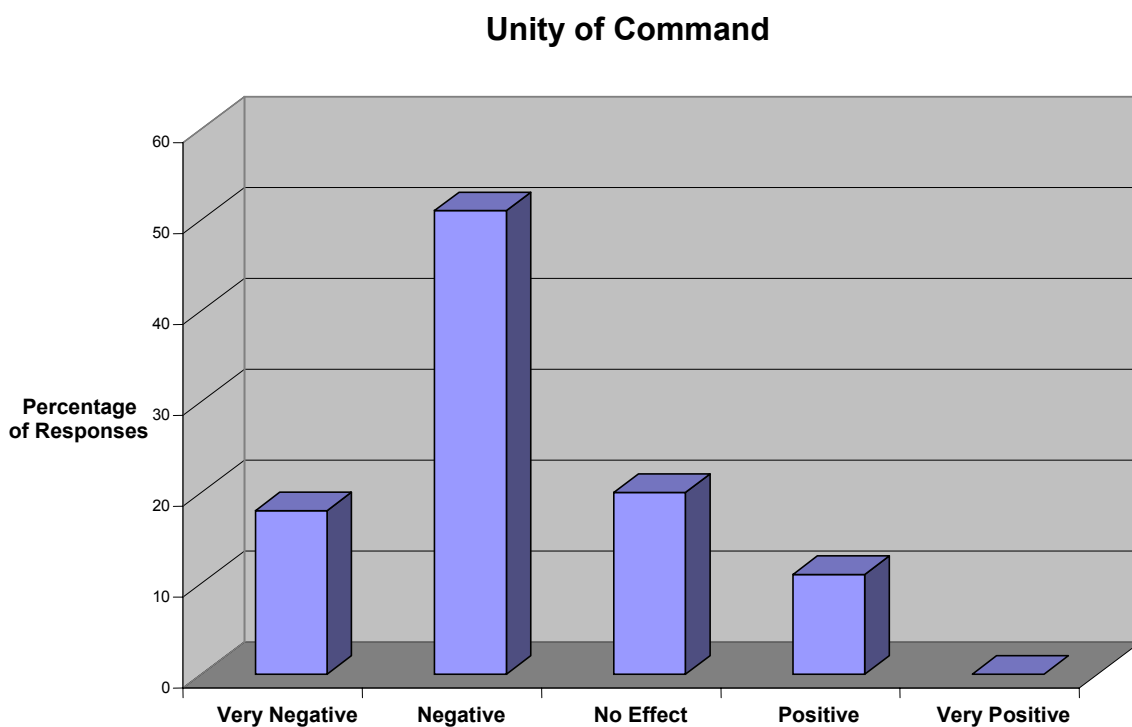


Figure 9. The effect of legacy organizations at Coast Guard Districts, Areas, and Headquarters on unity of command.

Question 5 asked, “What effect do you think the “legacy” organizations at the District, Area, and Headquarters levels will have on unity of command?” Here unity of command was defined as, “for any action an employee should take direction from only one supervisor.” Figure 9 shows that 24 respondents (69%) believe the legacy organization at Coast Guard Districts, Areas and Headquarters will have a negative or very negative effect on unity of command; while only 4 respondents (11%) believed the

effect would be positive. Many of the respondents had previously mentioned the need for further reorganization at the upper levels of the Coast Guard. One wrote, “Too many separate programs will be tasking the Sectors. M & O coordination will be personality dependent vice appropriately organizationally coordinated.” Another wrote, “As a Group/MSO we are already reporting to multiple chains in District which muddles the chain of command and leads to conflicting guidance.” A third respondent summed it up by writing, “If the purpose of Sectors is the concept of unity, then the entire Coast Guard should change to support the Sectors.”

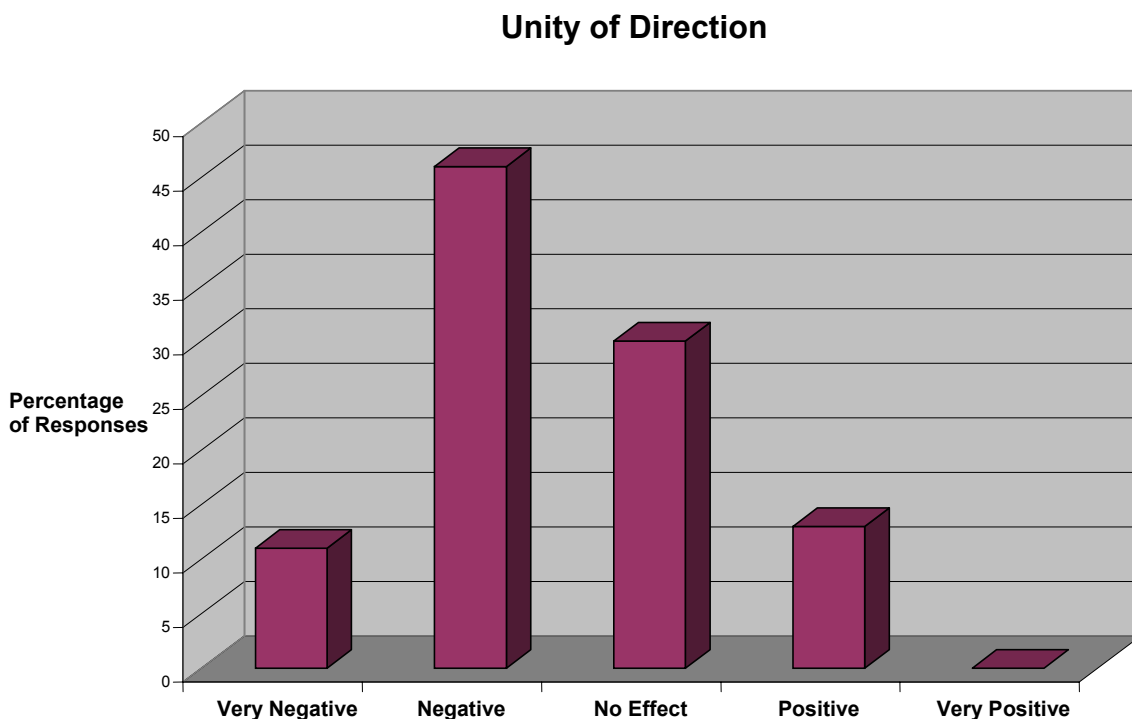


Figure 10. The effect of legacy organizations at Coast Guard Districts, Areas, and Headquarters on unity of direction.

Question 6 asked, “What effect do you think the legacy organizations at the District, Area, and Headquarters levels will have on unity of direction?” Here unity of direction was defined as, “only one strategic plan, mission (or set of missions), and vision at any one time.” Figure 10 shows that 20 of the respondents (57%) believe the effect will be negative or very negative; while only 5 (14%) believe the effect will be positive. Also, 10 (29%) believe there would be no effect. Most of those who believe the effect will be negative

cited reasons similar to those in Question 5. One wrote, “Organizational unity that exists only in the field is doomed when the old mission paradigms continue in program management. How can one Sector Commander meet the priorities of two separate masters?” Another wrote, “This change in organization is also a change in mind-set and it must permeate throughout *all* levels of the Coast Guard, not just in the field.” Still another wrote, “...change must be conducted at all levels to establish clear direction.” Finally, another wrote, “The District programs are all headed in different directions and this will rapidly become spotlighted...”

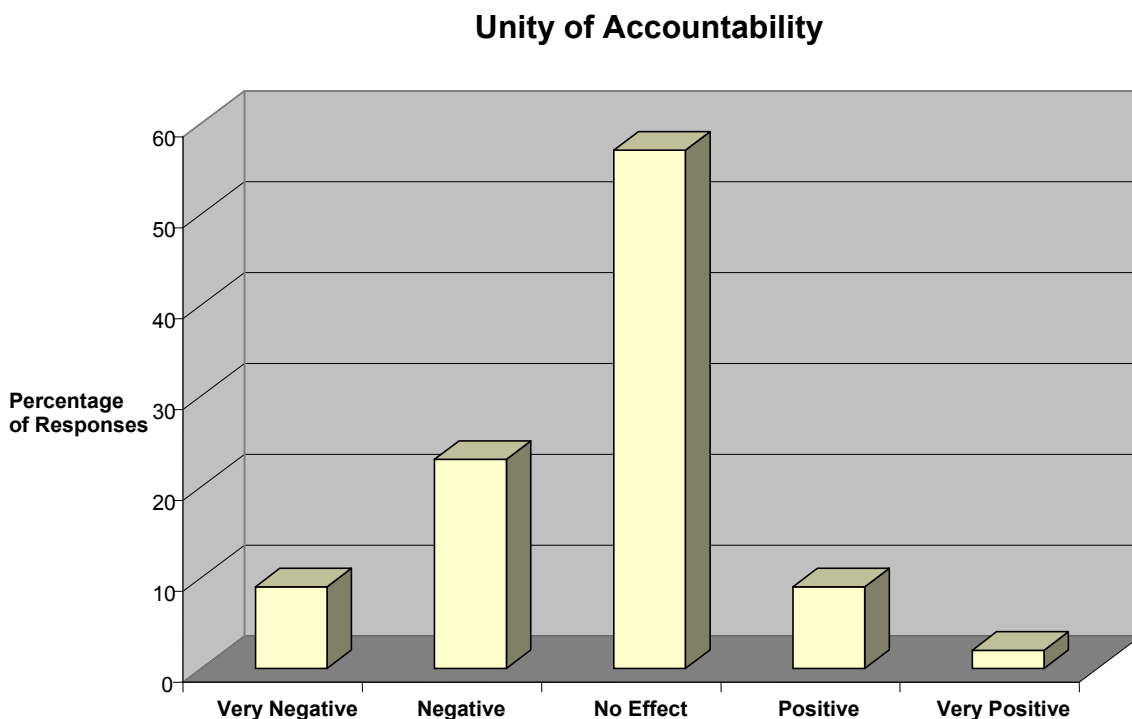


Figure 11. The effect of legacy organizations at Coast Guard Districts, Areas, and Headquarters on unity of accountability.

Question 7 asked, “What effect do you think the legacy organizations at the Districts, Areas, and Headquarters will have on Unity of Accountability?” Here accountability was defined as, “every employee should be held accountable for the exercise of authority in carrying out their assigned missions.” Figure 11 shows that 11 respondents (31%) believed there would be a negative or very negative effect. However, 20 (57%) believe there will be no noticeable effect; most believe that accountability will

not be affected by the legacy organization. Of the respondents that answered “no effect,” one wrote, “I do not see this as an issue. All commands are responsible for their actions no matter how they are configured. This is also true for the program managers at the Districts, Areas, and Headquarters.” Another wrote, “It still goes from the Sector Commander to the District Commander to the Area Commander.” Others, who answered negative, thought that any decrease in initial unity of accountability would be short lived. However, one who believed the effect would be very negative wrote, “Everyone will be pointing fingers at each other and no one will know who they are working for.” But again, that is a minority opinion among the respondents.

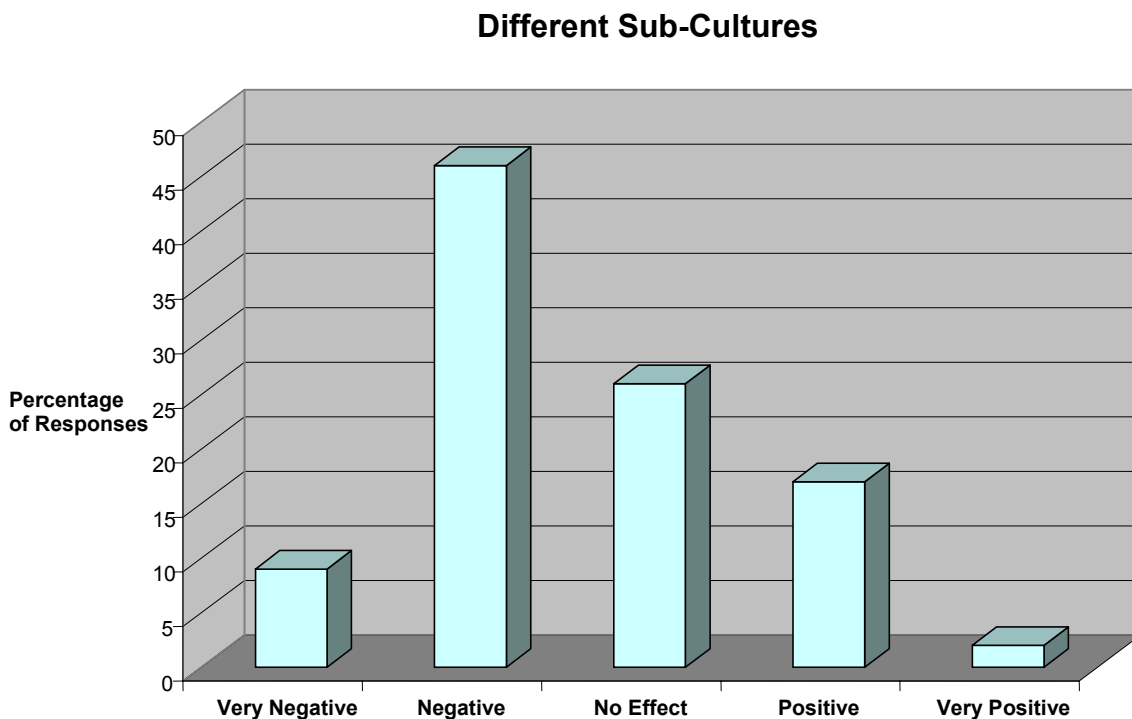


Figure 12. The effect of different Coast Guard sub-cultures of the O and M communities on the success of Sectors.

Question 8 explored the challenges the Coast Guard will face due to the sub-cultural differences between the O and M communities. It asked, “What effect do you believe organizational cultural or sub-cultural differences in the O and M communities will have on the success of Coast Guard Sectors (i.e., culture of O vs. culture of M)?” Figure 12 shows that 19 of the respondents (54%) believe that cultural differences will have a negative or very negative impact on the success of Sectors; while only 7 (20%)

believe the effect will be positive of very positive. Even though most believe the cultural differences between the two communities will present significant challenges, 17 of the 19 negative responders believe the problems will be short-lived. One respondent wrote, “Negative, initially, due to territoriality often prevalent among the highly motivated individuals who make up our service. However, I believe these differences/rivalries will fade quickly as we focus and have some initial successes together on missions.” Another wrote, “Negative for the first five or so years. It will take a few years to work through these cultural issues. Ask anyone who was at Activities New York or Activities Baltimore when they were first stood up. However, now, it is really a non-issue at both commands.”⁷⁴ However, for two, these cultural differences are a major concern. One respondent wrote, “Very negative. I have just put in my retirement letter because of a “conflict” in the mode of operations between myself as MSO Executive Officer and Group Commanding Officer (Both O-5s).” Another wrote, “I never could figure out how a senior officer belittling a specialty designator such as the M Pro-Pin could justify his words or actions in regard to honor, respect, and devotion to duty.”⁷⁵ It appears that these cultural differences are a concern to some and they must be addressed by Coast Guard leaders at all levels of the organizations as the Coast Guard implements this significant change effort – at least in the short-term. This topic will be discussed further in the next chapter.

Figure 13 shows the composite effect of the elements above on the success of Coast Guard Sectors. From these data, it seems clear that the majority of the respondents believe additional changes should be made to the Coast Guard organization to support the tactical Sector level reorganization and ensure these combined field commands are a success. It also appears that organizational cultural differences should be monitored and addressed during the initial phases of the reorganization. Both of these issues will be covered in greater detail in Chapter V.

⁷⁴ As discussed in Chapter I, Activities New York and Activities Baltimore were test cases for the unified field command concept that is now being called Sectors. Both began in the mid 1990’s and both were called into action after the terrorist attacks of 9/11. By all accounts, their performance was extraordinary and much of their success has been attributed to the fact that they were unified commands.

⁷⁵ The M Pro-Pin is a specialty pin worn on the uniform of Marine Safety (M) personnel who have earned at least four Marine Safety qualifications and have served at a field unit for at least four years.

Composite Chart

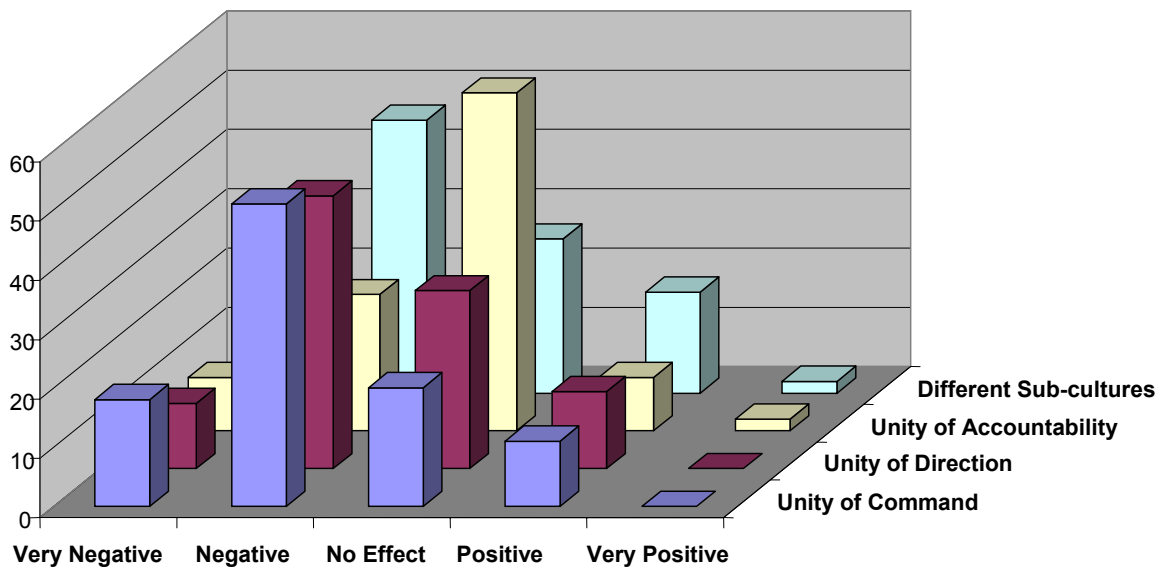


Figure 13. The composite effects of the legacy organization and organizational sub-cultures on the success of Coast Guard Sectors

The final question of the Survey asked, “Please describe any other advantages or disadvantages of maintaining legacy organizations at the Districts, Areas, and Headquarters levels of the organization.” The results are shown in Table 7. While fewer people responded to this question, only 4 (11%) described any advantages of the legacy organization. Two wrote, *Maintain Legacy Program Managers at Headquarters*. They believe it is important to maintain expertise for the program to be effective. One answered, *Now is Not the Right Time* (to change the organization at the higher levels) and another answered, *The Legacy Organizations are Not a Problem*. On the other hand, 25 respondents (71%) noted disadvantages. Four respondents (11%) believe, *The Structure of the Entire Organization Must Be Changed*. One of these wrote, “Our organization is built to ensure sectorization will fail. So if sectorization is going to succeed, the current structure has to change.” Nine others (26%) responded, *There are No Advantages to Maintaining the Current Legacy Organization*. One wrote, “I see no advantages to maintaining the status quo. I also see every day we go further along this path without change in the upper organization puts us further behind in getting this train on the track.” Another wrote, “I’m not sure there are any advantages. We transfer every 3-4 years.

Moving from a combined organization to a legacy organization seems contrary to effective leadership and management. We should strive for a plug and play organization.” And the most common response (12 respondents (34%)) was, *Too Many Layers in the Organization*. These members were concerned that the organization may already have too many levels and now the Coast Guard is adding yet another layer. Of these, four suggested that Areas should be eliminated; two suggested that Districts should be eliminated; and two suggested that both Districts and Areas should be eliminated in favor of a Headquarters – Region – Sector model that will match the Department of Homeland Security organization. One wrote,

The Coast Guard is a well-run organization, but we have one too many layers of command oversight. With the Sector model, either the Area or District becomes irrelevant. Given the state of technology, a decentralized model of control, flowing from HQ to the Districts makes sense and is instantly achievable.

Another wrote,

Four levels of Operational Commander do not make sense to me—especially in a department that has 2 levels and potentially a max of 3. CNO does not conduct operations—that is left to the Component Commanders—CNO is left to prepare the forces for engagement – as such – requires focus on Congress and policy issues. Having Commandant level mired in operational issues, leaves very little time to parlay with Congress and set policy for training, readiness, and doctrinal issues.

A third wrote,

I can see some advantage to keeping District Commands with regional expertise. The local political powers need a senior Coast Guard representative to talk with on regional issues. Additionally, some operations cross Sector lines and require district-level coordination. Conversely, an Area staff provides minimal benefit at a tremendous internal and external cost. Districts are quite skilled at working with each other operationally, and policy guidance should come from Coast Guard Headquarters. Let’s cut our losses and get rid of Area commands!

And finally, a fourth wrote,

In my years (23) in the Coast Guard, I have found very little benefit to having Districts or Areas. I believe Sectors should report to Regions, Regions to Headquarters, and all offices should be organized similarly.”

Rank	Response	Effect	Number of Responses Total N=29
1	<i>Too Many Layers in the Organization</i>	Disadvantage	12
2	<i>There are No Advantages to Maintaining the Current Legacy Organization</i>	Disadvantage	9
3	<i>The Structure of the Entire Organization Must Be Changed</i>	Disadvantage	4
4	<i>Maintain Legacy Program Managers at Headquarters</i>	Some Advantage	2
5.5	<i>Now is Not the Right Time</i>	Advantage	1
5.5	<i>The Legacy Organizations are Not a Problem</i>	Advantage	1

Table 7. Reported advantages or disadvantages of maintaining legacy organizations at the District, Area, and Headquarters levels of the Coast Guard.

B. INTERVIEWS

Many of the responses to the interview questions shed light on the first research question in this thesis, “What internal organizational problems may result from Sector implementation?” Much of the focus of these interviews invariably led to discussions of potential problems that the differences in the sub-cultures of the O and M communities may cause during reorganization efforts. This was due to the fact that most of those interviewed noted cultural differences as one of the difficulties the Coast Guard will face during this time of transition. The interviews with the Coast Guard historians also shed light on some historical mergers and the problems the Coast Guard faced during those major change initiatives.

1. Coast Guard Members

Of the 13 individuals that were interviewed, all respondents believe there are different sub-cultures between the O and M communities within the Coast Guard today. Many believe those sub-cultures are a result of the missions they are asked to carry out and the training that the members receive. Captain Richard Rendon, who has served as a

Group Commander [O] and a Chief of Port Operations at a large MSO [M], summarized the differences as follows:

In the O community, most of our personnel are trained as law enforcement officers. ‘You’re a cop -- here is your gun, go out and enforce the laws, and protect yourself and your team.’ In the M community, most of the personnel are trained to facilitate commerce. ‘You’re a regulator -- here are the regulations, ensure compliance, but be aware of the effect that enforcement may have on maritime commerce.’⁷⁶

Lieutenant Commander Larry Hewett, who supervised the transition team when Coast Guard Activities New York (which is equivalent to a Sector command) was created in 1996, believes that there are different sub-cultures and that, as an organization, the Coast Guard tends to value the O community more than the M community because of the traditional bias toward sea-going operators rooted in the legacy of the Revenue Cutter Service. According to Lieutenant Commander Hewett, this bias has left M personnel feeling under appreciated for the hard work that they do.⁷⁷

All of those interviewed also believed that O and M personnel interact differently with federal, state, and local civil authorities. According to the respondents, this seems largely to do with which civil authorities they interact with. O personnel normally interact with “like minded” law enforcement personnel. M personnel, work with federal, state, and local authorities at all levels and from many different disciplines (e.g., FBI, Bureau of Customs and Border Protection, EPA, Natural Resource Trustees, Port Authorities, Mayor’s offices, Emergency Management Agencies, to name a few). Charlie Johnson, a retired Coast Guard Lieutenant who served in both communities during his 25 years of active duty, recalled an incident when a Deputy Sector Commander (who was an O officer) decided to hold an oil tanker offshore because he did not want it in the port where two cruise ships were moored. While he had that authority, the M personnel on the staff reminded the Acting Sector Commander that it would cost the ship owner a lot of money to be delayed offshore and that the local terminal needed the shipment. The M staff members were able to propose some operational controls on the tanker that mitigated the risk down to an acceptable level.⁷⁸ Lieutenant Commander Hewett believes M personnel

⁷⁶ Richard Rendon, CAPT, USCG, *interview by author*, 25 May 2004.

⁷⁷ Larry Hewett, LCDR, USCG, *interview by author*, 25 May 2004.

⁷⁸ Charles Johnson, *interview by author*, 25 May 2004.

are more proficient at partnering because they have been forced to do it throughout their careers. He said, “The M community has severely limited resources, and to accomplish the desired outcomes, they have become very good at leveraging the skills and resources of other agencies; they embrace civil authorities...Look at how we have embraced the unified command concept for oil spill response.”⁷⁹

When asked if they thought the Sector reorganization was a good idea, nearly all of them believed that, based on the current mission focus, it is the right thing to do. However, Lieutenant Commander Claudia Gelser, who worked at Activities Baltimore (a combined O and M command), cautions that by combining the O and M field units, the Coast Guard runs the risk of losing some of its expertise and creating too many generalists. She said, “We run the risk of being a mile wide and an inch deep.”⁸⁰ Rear Admiral Larry Hereth, who has served in five combined commands, believes that combined commands are superior to separate O and M commands because the Commanding Officers have the full suite of resources and capabilities to prosecute the various missions.⁸¹ Several people also commented on what Coast Guard Chief of Staff, Vice Admiral Thad Allen has termed “one Coast Guard in every port.” Most believe the Coast Guard will be better able to serve their customers if those customers have only to go to one command for service, rather than to the MSO for marine safety and security issues, and to the Group for SAR, law enforcement, ATON, and boating safety issues. Many also believe the Coast Guard will realize some added efficiency by combining the administration and support functions together under each Sector Commander and having one Integrated Command Center to provide a common operating picture leading to improved maritime domain awareness.

In response to a question about the major challenges facing the Coast Guard after 9/11, there were a variety of answers; no doubt owing to the fact that the Coast Guard is facing many challenges. Six of the officers mentioned the high operational tempo and lack of sufficient personnel and equipment to perform all of the Coast Guard’s missions to

⁷⁹ Larry Hewett, LCDR, USCG, *interview by author*, 25 May 2004.

⁸⁰ Claudia Gelser, LCDR, USCG, *interview by author*, 25 May 2004.

⁸¹ Larry Hereth, RADM, USCG, *interview by author*, 5 May 2004.

a level that is now expected. Lieutenant Commander Gelser, who is currently serving as a Senate Liaison officer, said,

Many Senators realize that the Coast Guard is '*in extremis*.' Years of budget neglect under the Department of Transportation have left the Coast Guard with a rapidly aging fleet of cutters and aircraft and far too few people to provide true maritime homeland security, while maintaining the pre-9/11 levels of effort in its other missions.⁸²

Captain Rendon went so far as to say that the Coast Guard needs to make a paradigm shift. Because the service is so used to doing more with less (there are currently approximately 42,000 Coast Guard members), often noting how they are able to accomplish so much with fewer people than the New York City Police Department, that it will be difficult for Coast Guard leadership to "think big enough." He noted that during World War II, 231,000 men and 10,000 women served in the Coast Guard—and their major mission was maritime security. While technology may allow us to reduce that number, CAPT Rendon believes that a Coast Guard force equivalent to the size of the Marine Corps (the next smallest U.S. military force; about 170,000 members) may be what is needed to truly provide effective maritime homeland security. He stated, "The challenge will be convincing Coast Guard and Homeland Security leadership that we need a Coast Guard of that size."⁸³

When asked about other changes that the Coast Guard should make, many respondents noted that the Coast Guard District organization will likely have to change to match the new field organization. Some noted that the span-of-control at the District will decrease by nearly half when the Groups and MSOs combine to form Sector Commands and that may mean that either the District level or Area level of the organization may no longer be needed. Many also stressed the need to revamp the Coast Guard's training programs to prepare the members to work in the Sector environment. Nearly all of the officers believe that the Coast Guard needs more people and more equipment. Several respondents noted that reorganizing the Sectors using the (former) Group boundaries is not necessarily wise because they often cross state lines. Many believe that, whenever possible, the boundary lines should match state boundaries. One M officer noted that, any

⁸² Claudia Gelser, LCDR, USCG, *interview by author*, 25 May 2004.

⁸³ Richard Rendon, CAPT, USCG, *interview by author*, 25 May 2004.

time you cross a state line, you double your planning requirements for such things as pollution response, emergency preparedness, and port security. You also add another group of civil authorities and unique state laws that Coast Guard personnel will be forced to learn and coordinate with. There is also a danger that once the Department of Homeland Security has set its Regional boundaries, one or more of the Sectors may fall under two DHS regions. Again, this will lead to complications.

2. Coast Guard Historians

The Coast Guard's Chief Historian, Dr. Bob Browning, was interviewed to get his thoughts on the challenges the Coast Guard is facing since 9/11. Mr. Browning believes that many of the cultural differences in the different Coast Guard communities are due, in large part, to the cultures of the organizations that conducted those duties throughout our history. He said, "The differences in the O and M communities are a symptom of when the Bureau of Marine Inspection and Navigation were temporarily assigned to the Coast Guard in WWII and later permanently assigned to the Coast Guard." The inspectors were civilians that worked closely with all aspects of the maritime industry and they formed what is now the M community within the Coast Guard.

He also believes that the main challenge facing the Coast Guard after 9/11 is lack of resources. He noted that today's problems are very similar to the problems faced during prohibition. Then, the government greatly increased the size of the Coast Guard. The Coast Guard borrowed 20 destroyers from the Navy and built an entirely new class of cutters. That is very similar to the "Deep Water" recapitalization project that the Coast Guard is currently conducting to replace its aging fleet of large cutters and aircraft. Dr. Browning said he is surprised the Coast Guard has not combined the O and M communities in the past to unify command and realize economy of force. He does not think that Sector leadership will be a problem. He said, "The Coast Guard has always found leaders within its ranks, in everything it has done."⁸⁴

Chris Haber, another Historian for the Coast Guard, is writing a history of the Coast Guard's transition to the Department of Homeland Security and he was asked to comment on the Sector reorganization and the challenges the Coast Guard is facing after 9/11. Mr. Haber said, "The shift in emphasis to security after 9/11 is similar to the 1920s

⁸⁴ Bob Browning, Ph.D., Chief Historian, USCG, *interview by author*, 25 May 2004.

when the Coast Guard shifted emphasis to enforcing prohibition laws. Other missions became less important.” He also noted that the transfer to the Department of Homeland Security was relatively painless for the Coast Guard because they transferred in-tact to the new department...while other agencies, like the Immigration and Naturalization Service (INS) were completely dismantled and reorganized. That, he said, “...was due to the fact that many people in government believed that INS was broken.” He also note that the Coast Guard has benefited greatly from the move to DHS – their budget has greatly increased, they have gotten more people and they were able to maintain their organization, their identity, and their culture by moving in-tact to the new department.⁸⁵

3. Civil Authorities

The interviews with civilian authorities (N=3) revealed that many of them also believe there is a difference in the way they interact with the Coast Guard’s O and M communities. Sergeant Pete Leopold of the Savannah Chatham County Police Marine Patrol, said, “With the Marine Safety Office [M] we have heartfelt cooperation at all levels. However, it is extremely difficult to get assistance from the local Station [O].” He believes that this is a result of the greater exposure and familiarity with the members of the Marine Safety Office and the fact that the Police Marine Patrol works more often in missions to assist the Captain of the Port [M]. He also thinks that the Sector reorganization will help improve the relationship with the local authorities. Lack of sufficient personnel and boats is the major challenge that he believes the Coast Guard is facing after 9/11.⁸⁶

Mr. Phillip Webber, who is the Director of the Chatham Emergency Management Agency in Chatham County, Georgia and is also a retired Coast Guard chief petty officer who served in the O and M communities during his 21-year Coast Guard career, also believes there is a definite difference in the way that the O and M communities interact with civil authorities. He said, “The MSO personnel are used to working with a wide range of authorities at the federal, state, and local levels and the Stations tend to work mostly with other Coast Guard units and some local law enforcement agencies.” He

⁸⁵ Chris Haber, Historian, USCG, *interview by author*, 25 May 2004.

⁸⁶ Pete Leopold, Sergeant, Unit Commander, Savannah/Chatham Metropolitan Police Marine Patrol, *interview by author*, 25 May 2004.

believes the differences in the sub-cultures of the O and M communities are mostly customer-driven. Mr. Webber believes that the M community has grown accustomed to interacting with all different levels of industry and government, while the O community has not had the opportunity or need to interact with a wide variety of civil authorities. While describing these differences, Mr. Webber said,

A SAR case is a “great leveler.” It doesn’t matter if it is a captain of industry or a recreational boater out there -- they expect help from the Coast Guard and the Station treats all cases basically the same. However, if you are a regulator, like the M community, you have to be comfortable dealing with all levels of the maritime industry; whether they are marina operators, corporate lawyers, facility owners, vessel agents, vessel masters, and all levels in between.

He warns that the challenge of the Sector reorganization will be to maintain the expertise of Coast Guard members and to not spread them too thin. Mr. Webber agrees with combining O and M commands if it allows Coast Guard members more time for training to conduct missions. However, he warns, “If you try to interchange too many parts, and make people into generalists, you may lose expertise and you may also lose some command opportunities.” One of the primary things he recommends for the Coast Guard is to improve their outreach and marketing efforts to let the public know what a great value they receive from their Coast Guard.⁸⁷

C. USE-CASE: SECTOR COMMANDER EXERCISE

As noted in Chapter III, the use-case forced the respondents to decide if it was more important to respond to an unconfirmed MAYDAY call (i.e., Search and Rescue) or to maintain standard maritime security enforcement on an anhydrous ammonia tank ship during a period of heightened security (i.e., Ports, Waterways, and Coastal Security) (See Appendix III). Of the 150 use-cases e-mailed to the Command Cadre group, again 35 were returned (23%). The responses were combined and broken down by how each respondent classified his primary career path (Operations, Marine Safety, or Other). The responses broke down as follows:

⁸⁷ Phillip Webber, Director, Chatham Emergency Management Agency, *interview by author*, 25 May 2004.

- (17) Marine Safety [M]
- (13) Operations [O]
- (5) Other (which includes Aviation)

Of the 91 use-cases e-mailed to District Staff, 24 were returned (26%). The responses broke down as follows:

- (5) Marine Safety [M]
- (11) Operations [O]
- (8) Other (which includes Aviation)

It should be noted that there are relatively few M Staff officers at most Districts.

The results for the sample Command Cadre respondents are shown in Figure 14. While the combined results of the sample District Staff are shown in Figure 15. The results show that 77 percent (27) of the field-level Command Cadre respondents chose to divert one of the escort boats to the SAR case, despite the fact that the case was unconfirmed and the fact that the port was at Maritime Security Condition (MARSEC) – Level II.⁸⁸ Only 67 percent (16) of the District Staff chose to divert an escort boat to the SAR case. However, due to the small sample sizes (35 and 24 respectively) this difference may not be significant. Therefore, the results shown in Tables 8 and 9 are combined responses from the Command Cadre respondents and the District Staff respondents.

⁸⁸ This is roughly equivalent to “Orange” (High) threat level on the Homeland Security Advisory System.

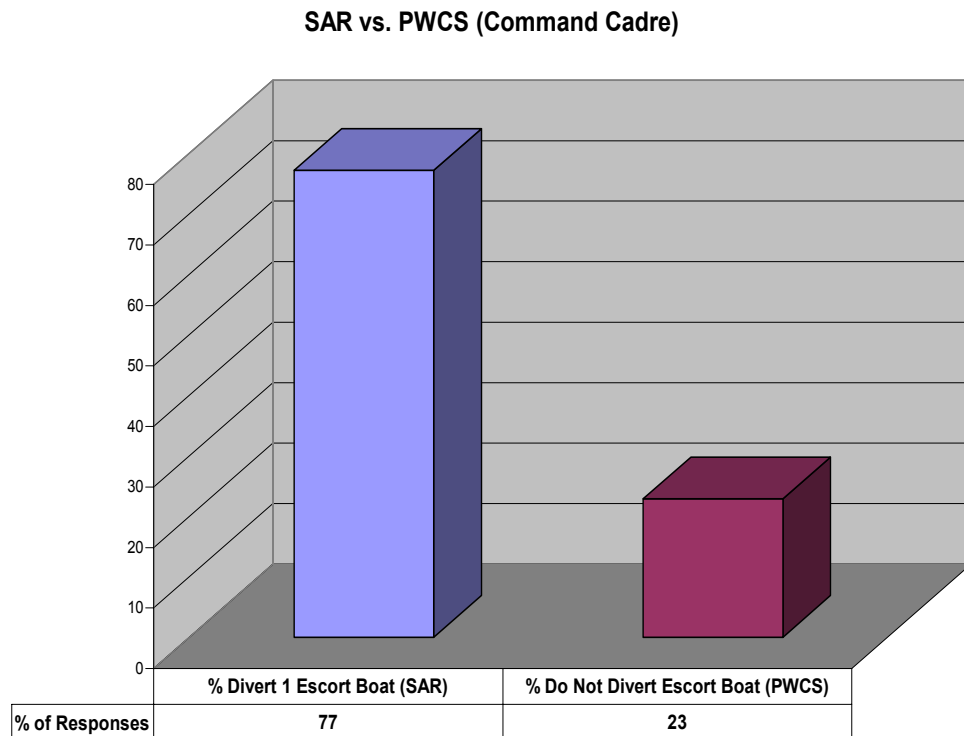


Figure 14. SAR vs. PWCS (Command Cadre)

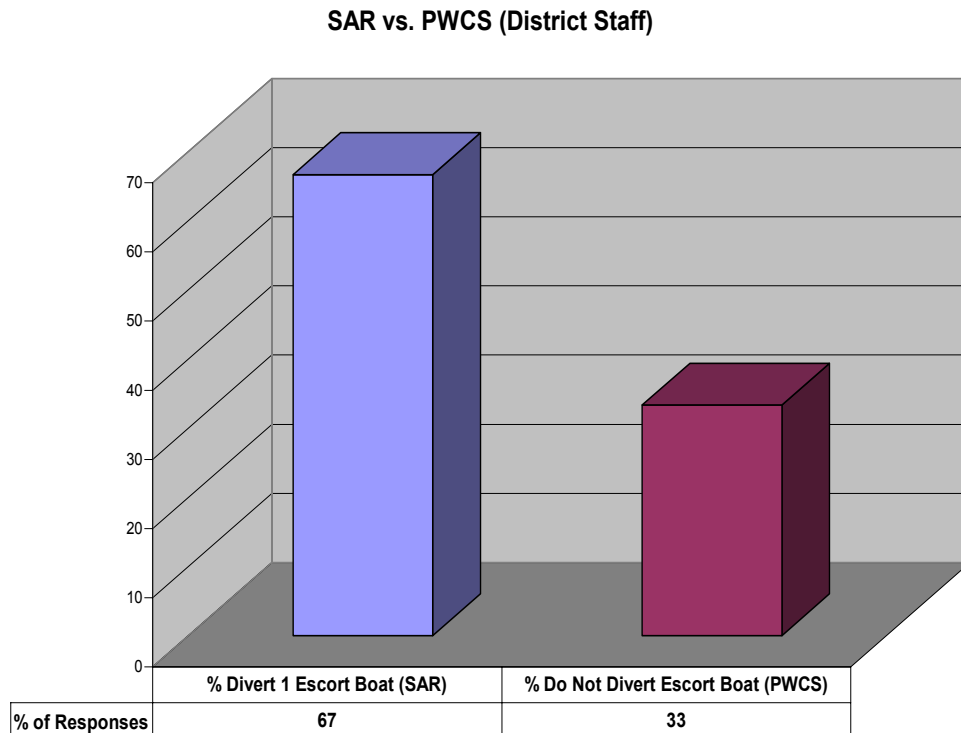


Figure 15. SAR vs. PWCS (District Staff)

Rank	Response	Number of Responses Total N=43
1	<i>Urgent SAR Takes Precedence Over PWCS</i>	15
2	<i>Risk Based Decision Making = Acceptable Risk</i>	11
3	<i>Known vs. Potential Risk</i>	9
4	<i>No Specific Intel of Threat to the Tank Ship</i>	6
5	<i>Escort Boat is the Closest Asset</i>	2

Table 8. Reported reasons for choosing SAR over PWCS in the use-case.

Rank	Response	Number of Responses Total N=16
1	<i>Greater Consequence of Attack on the Tank Ship</i>	7
2.5	<i>Helicopter Response Time of 45 Minutes is Not Unreasonable</i>	3
2.5	<i>SAR call is Not Confirmed – It May Be a Diversion</i>	3
4	<i>SAR is an Elective Mission the Coast Guard Can Turn Down</i>	2
5	<i>Heightened Threat Due to MARSEC II</i>	1

Table 9. Reported reasons for choosing PWCS over SAR.

It should be noted that many of the respondents who chose to divert one of the escort boats also described imposing additional operational controls on the tank ship to better protect it when one of the escort boats was responding to the SAR, such as requiring the vessel to moor or anchor, or posting an armed guard on the ship. Others would direct the second helicopter to assist with the escort.

There really is no right answer to this scenario. If the Sector Commander decides not to divert the closest asset (i.e., one of the security boats from the escort of the tank ship), one or more of the people in the water may perish. However, if the MAYDAY call is a hoax to divert one of the security boats away in order to allow an attack on the tank

ship, many more people may be injured or killed in the attack as a result of the release of anhydrous ammonia vapors into the environment.

So, this scenario is a dilemma that is made more difficult by the fact that the Coast Guard currently has two Number 1 priorities (SAR and PWCS). Without clear policy guidance, it is left to the individual Sector Commander to decide whether SAR will take priority or PWCS will take priority in a given case when insufficient resources are available to do both. The result shown in Figures 14 and 15 and Tables 8 and 9 clearly indicate that decision, in this case, was largely an individual judgment call, and not everyone agreed on the best course-of-action or the justification for choosing a particular course-of-action.

It is possible that career path and experience could play a role on which course-of-action was chosen. Figure 16 shows the Command Cadre responses broken down by the respondents self-described career path. Figure 17 shows the District Staff responses broken down by career path. As you can see, there appears to be a difference between those with an M career path and those with an O career path; with nearly twice as many M specialists choosing not to divert one of the escort boats – 29% of M versus 15% of O at the field level, and 40% of M versus 18% of O at the District level. There is also quite a discrepancy between the field level and District level in those that described their career path as “Other” (this included aviators), with 20% of the field level respondent in the “Other” category choosing not to divert the escort boat, but 50% of the District level respondents in that category choosing not to divert the escort boat.⁸⁹

While the reasons for the above differences are unclear, it is clear that, at both the fields and District levels, there is by no means a consensus on what the proper course-of-action is—in this case. The bigger question for this thesis is what impact do these results have on the question of unity? This use-case demonstrates that with the current legacy organizations at the Districts, it is quite possible that the Sector Commander could receive conflicting guidance for the District M and O staffs. It is also possible that, whichever decision the Sector Commander makes, he or she may be “second-guessed” by the staff at his or her District. This certainly violates the unity of command, unity of direction, and possibly unity of accountability tenets discussed earlier.

⁸⁹ The sample sizes for these data are quite small, so the reader is cautioned not to draw too many conclusions from these results.

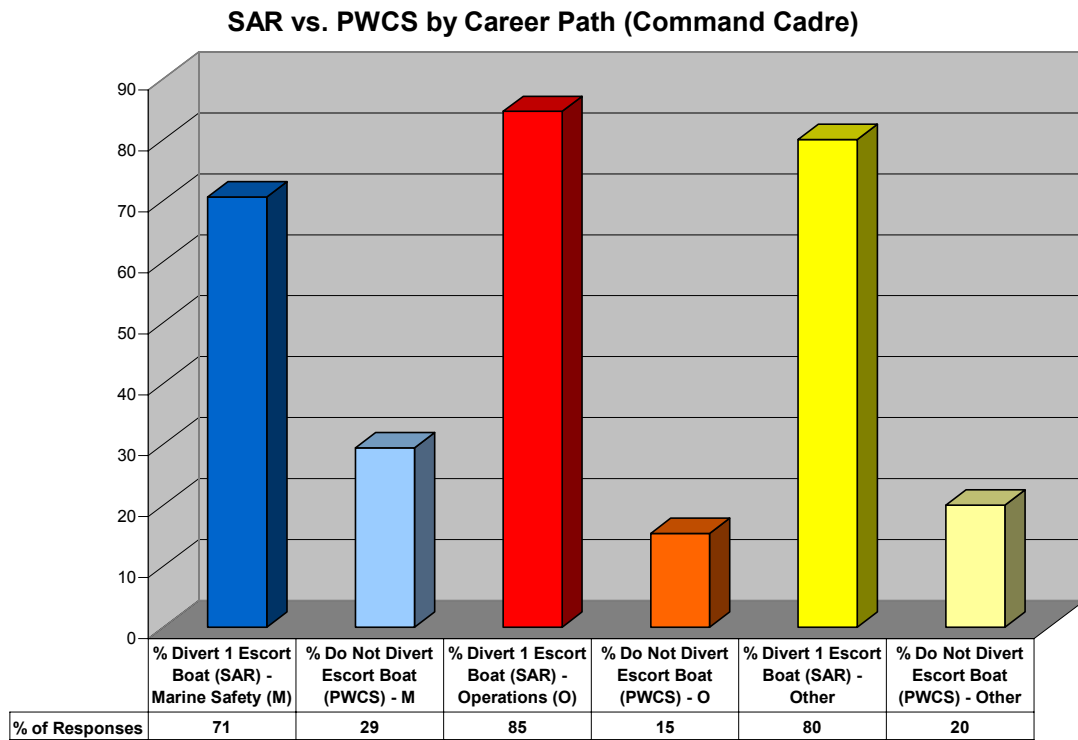


Figure 16. SAR vs. PWCS by career path (Command Cadre)

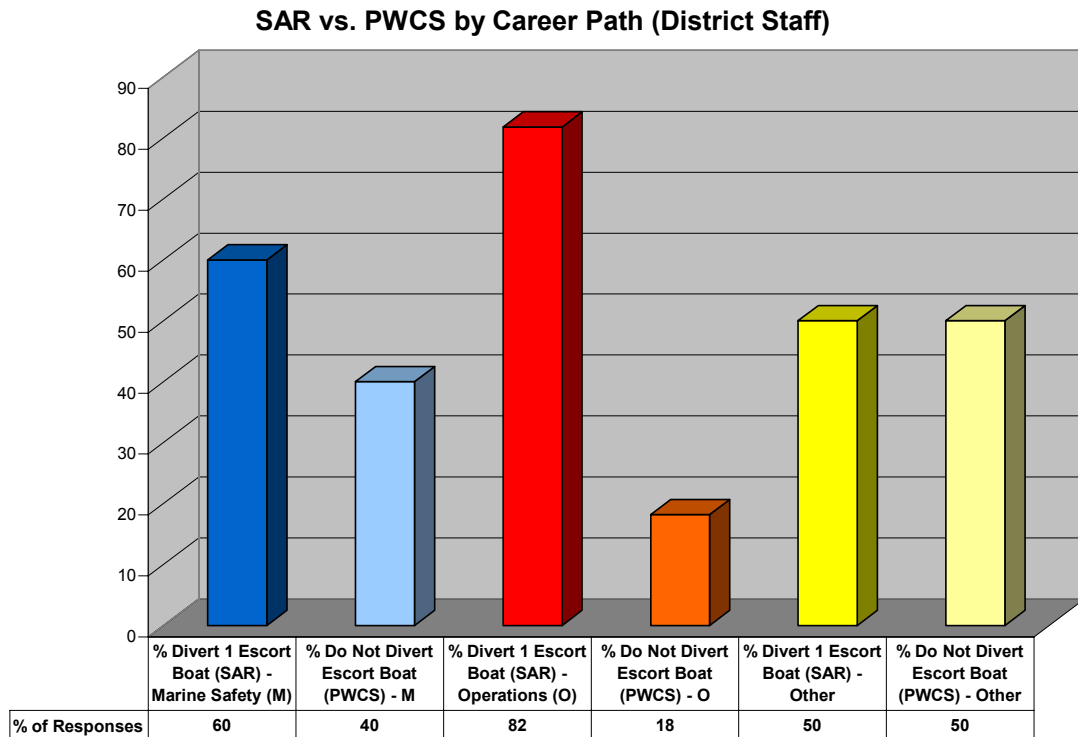


Figure 17. SAR vs. PWCS by career path (District Staff)

Having two Number 1 priorities creates a dilemma when resources are limited, or when they may become limited due to ongoing operations. At some point someone will be forced to decide which will take priority over the other. Thus far, the Coast Guard has chosen to leave that decision to the tactical field commander—to make based on their experience and best judgment. I believe the field commander is the right person to make that decision, because there is often no time to get advice from the higher levels of the organization. The Coast Guard’s primary doctrine, *Coast Guard Publication 1*, lists the principle of “On-Scene Initiative” as one of the Coast Guard’s core principles. It states,

The nature of our operations demands that Coast Guard men and woman be given the latitude to act quickly and decisively within the scope of their authority, without waiting for direction from higher levels within the chain of command. Personal initiative has always been crucial to the success of our service.⁹⁰

Unless the current policy is changed, the leadership at the higher levels of the organization must be willing to trust the Sector Commander and accept the fact that, given the same set of circumstances, they or others may disagree on what the best course-of-action is, or was. They must also realize that the legacy organization could result in the Sector Commander having to justify his or her decisions to more than one supervisor at the District level. This is a very difficult situation to put the Sector Commander in; especially since they were assigned to the position based on their experience, proven past performance, and sound judgment.

D. COAST GUARD REORGANIZATION SUMMIT

Coast Guard Staff Reorganization Summit (Summit) was held on September 8-9, 2004. The stated goal of the Summit was, “To develop a structural framework for vertical alignment throughout the Coast Guard.” Prior to developing several alternative organizational structures for Districts and Areas, the participants identified 15 reasons why the Coast Guard should reorganize. They are:⁹¹

- The move to DHS has given us a different strategic framework
- Our world of work has changed since 9/11

⁹⁰ *U.S. Coast Guard America’s Maritime Guardian: Coast Guard Publication 1*, (U.S. Coast Guard: 1 January 2002), 76.

⁹¹ Unsigned and undated document entitled, *Why We Need to Reorganize*.

- There are significant missing linkages between doctrine, resources, and risk
- For several reasons, we do not use our contingency plans (linkage between doctrine and operations)
- We don't properly value planning in our current state
- There are broken or uncertain communications between the field and the district
- The chain of command between Sectors and Area is unclear
- The current structure is not fully responsive to service delivery
- Vertical and horizontal alignment of strategic, operational, and tactical activities is lacking
- Sector implementation has had a cultural impact on our people
- Our current logistics processes are not responsive to current structure
- There is a misalignment between our operational execution and our logistics capability
- There is confusion and lack of direction at the field level
- There are still unnecessary redundancies
- Stovepipes are still making us ineffective

The participants in the Summit also validated a set of guiding principles that were sent to them in a "read-ahead" package. They are:⁹²

1. The proposed organization will recognize the need for seamless alignment of operational mission prioritization and resource constraints.
2. The proposed organization will emphasize the requirement for alignment between robust planning and operational execution.
3. The proposed organization will integrate operation planning and management with logistics planning and management. Operation planning and management and logistics planning and management shall have equivalent stature in the organization.
4. The proposed organization will recognize the need to have a separate entity that coordinates the execution of depot level maintenance and administration. The management of the tri-echelons of maintenance and administration shall be addressed.
5. The proposed organization will recognize and outline the roles and responsibilities across each function for the Strategic, Operational, and Tactical levels.

⁹² Unsigned and undated document entitled, *Guiding Principles*.

6. The proposed organization will recognize and align with the agreed upon Sector organizational construct.
7. The proposed organization will align workforce and resource management with capabilities development.
8. The proposed organization will contain organic administrative staffs.
9. The proposed organization will recognize the importance of the C4ISR infrastructure required to accomplish operational missions.
10. The proposed organization will recognize knowledge management and information as a critical component for operational readiness. This includes C4ISR infrastructure, the flow of intelligence information and need to constantly measure and assess readiness and capabilities limitations.
11. The proposed organization will recognize the need for a strong external engagement and internal communication capability.
12. The proposed organization will facilitate interoperability with DOD, DHS and other external partners.

The participants also developed a list of issues and assumptions they wanted the Admirals to be aware of. They are:⁹³

- Our guiding principles should be identified and adhered to
- People in the field want direction
- The field is concerned with regions
- The clarity of our missions and roles of the Coast Guard to the public are diminishing
- We need a decision on the structure/integration of logistics
- Functional staffs will focus on plans, readiness, and allocation
- Reorganization brings about significant cultural change
- This is a long term process and these models need refinement (establish strategic framework and implement prudently)
- Planning should be a priority
 - Career path for planners
 - Adequate staffing to plan
 - Resources for planners
 - Grow a flag billet at Headquarters
- Headquarters will have to change as well as the field. There are currently eight [Headquarters] program managers for exercises
- Implementation should be in a full package (not in piecemeal sequential parts)

⁹³ Unsigned and undated document entitled, *What We Want the Flags to Know*.

- Implementation will result in re-leveling of current resources
- Implementation should include detailed functional statements for the lower levels
- We must disaggregate the legacy staffs carefully (e.g., boat manager that does several functions)
- We want to know where the Sector implementation funding is coming from
- We want to know what the role of the Chief Knowledge Officer will be should we decide to have one
- We reemphasize the importance of our guiding principles
- We believe that one Chief of Staff can not “do it all”...adding a deputy commander at each level might be desirable

The Summit participants designed a District organization and four options for an Area organization. All but one of the alternatives meets the group’s guiding principles and also produces the vertical alignment desired. Any of those options would probably greatly improve the current structure. The District organization and two of the Area alternatives will be discussed here (as the variations in the others two Area options are relatively minor). Figure 18 shows the Area of Responsibility (AOR) of each of the Coast Guard Districts. Those in blue (east of the Rocky Mountains) are part of the Coast Guard’s Atlantic Area (LANTAREA) and those in red (west of the Rockies) are part of the Pacific Area (PACAREA). Most of the Districts have a similar organizational structure. Note: The District numbers are not consecutive because districts have been added and subtracted though the years and the numbers have remained in place when possible. Therefore, there are currently nine Districts numbered: 1, 5, 7, 8, 9, 11, 13, 14, and 17.

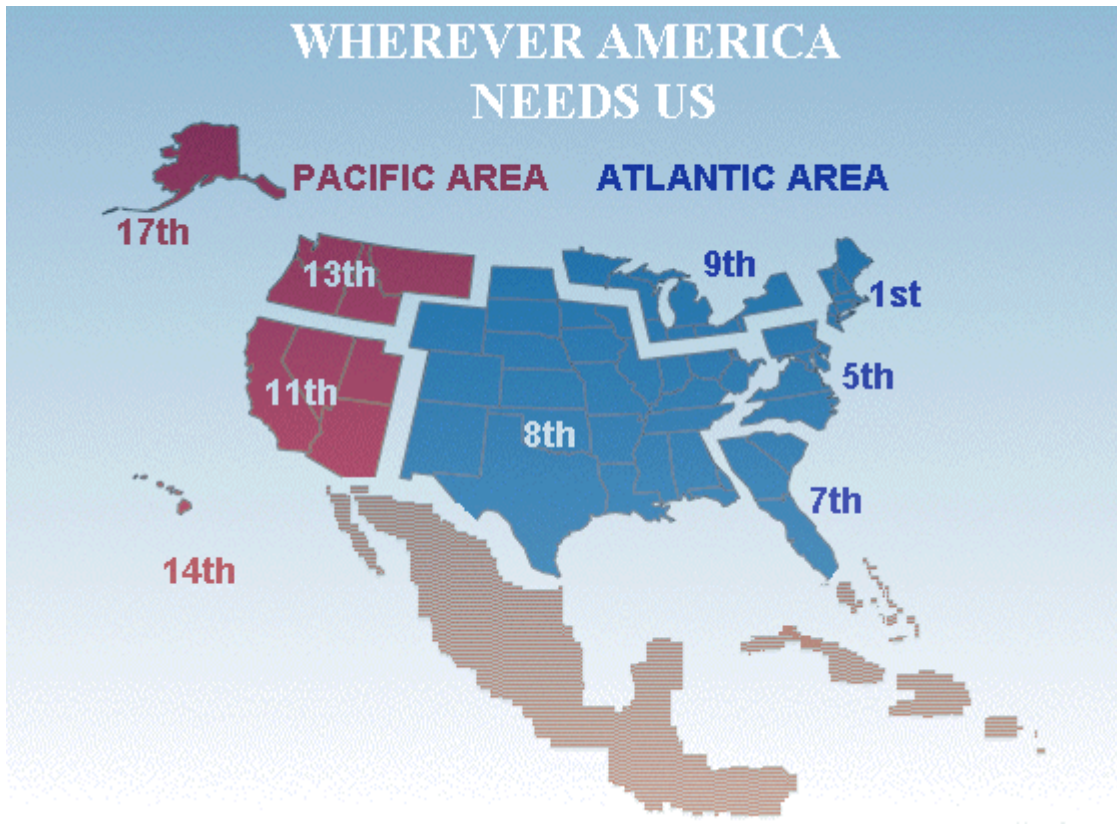


Figure 18. U.S. Coast Guard Districts (From Coast Guard website www.uscg.mil)

Figure 19 shows the current District 5 organization. Before the Sector reorganization, the chain of command had the Group Commanders reporting to the Chief, Operations Directorate and the Marine Safety Office Commanding Officers reporting to the Chief, Marine Safety Directorate. With the formation of Sectors, the field level Commanding Officer positions have been merged, so it is unclear how the structure shown below would support the Sector Commanders. Having the Sector Commander report to both O and M directorates certainly violates the tenet of unity of command. It could potentially work if the Sector Commanders work directly for the Chief of Staff or District Commander, although both of those scenarios seem unlikely and M and O would remain separate programs at the District level. This would not support the field-level shift away from a program focused approach to a process focused approach.

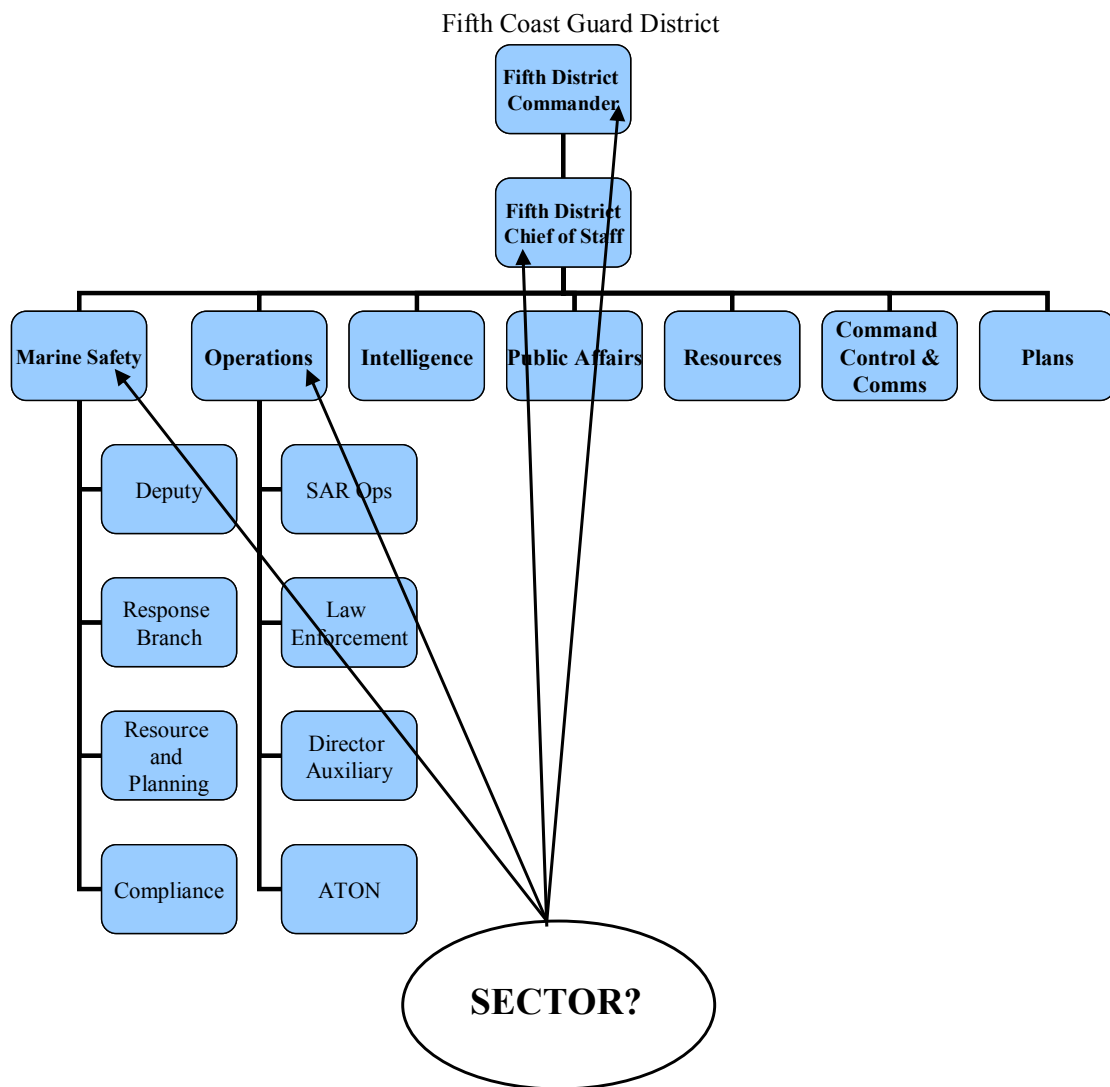


Figure 19. Current Coast Guard District 5 Organization

(NOTE TO THE READER: *As of the completion of this thesis, none of the organizations described below have been approved for implementation (except the approved Sector construct). The propose organizations are described here in an effort to discuss the advantages and disadvantage of each and to develop a recommendation for the preferred “way-ahead” for the Coast Guard).*

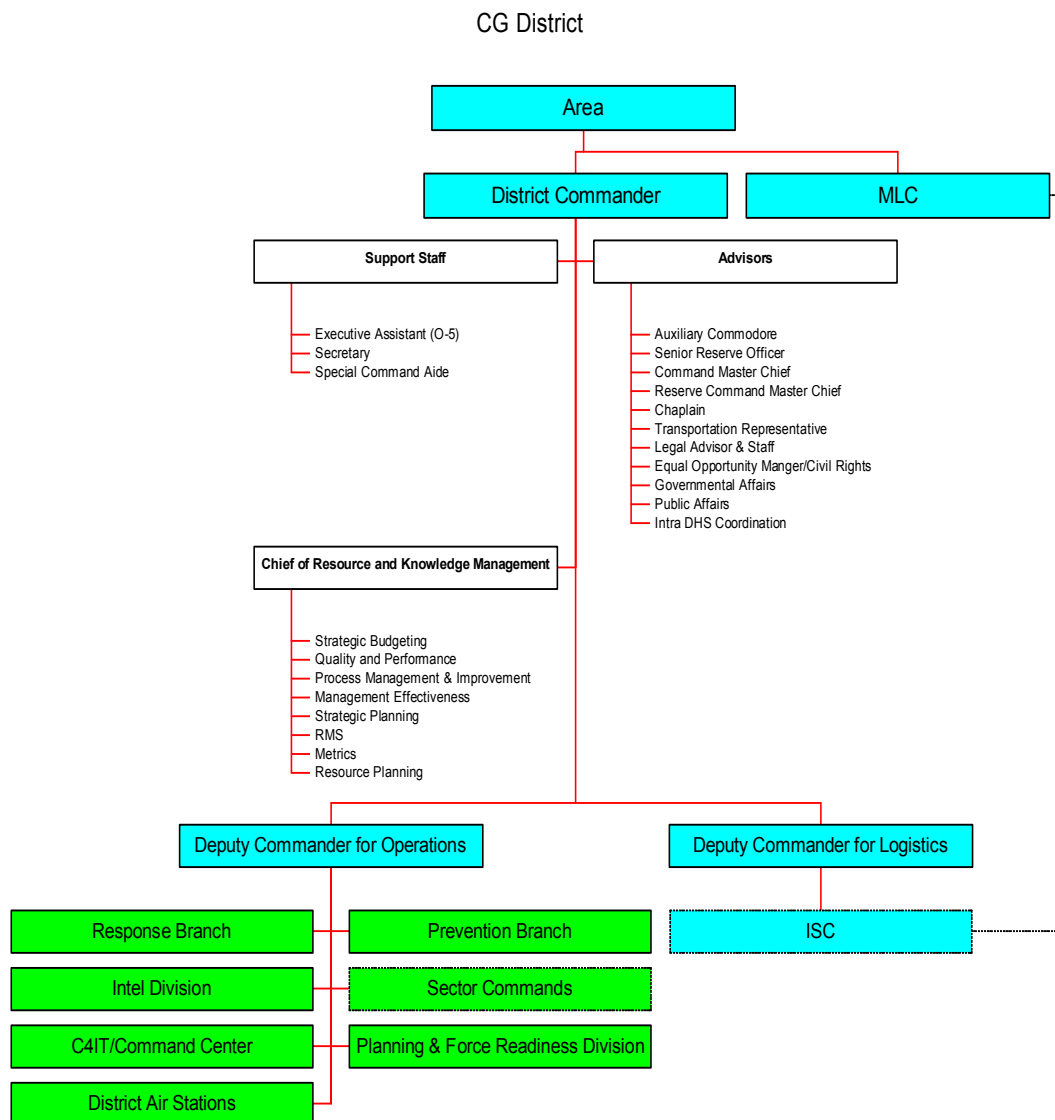


Figure 20. New District organization developed during the Coast Guard Staff Reorganization Summit (pre-decisional). (From November 4, 2004 presentation to Coast Guard Chief of Staff)

Figure 20 shows the District organizational structure that the Summit participants developed. This new organizational structure should align well with the Sectors and improve the chances that unity of command, unity of direction, and unity of accountability will be realized—if the Sector Commanders' first-line supervisor is the Deputy Commander for Operations. However, if the Response Branch is just District O by another name, and the Prevention Branch is just District M by another name, the

Sector Commander may still be placed in a difficult position. It is critical that neither the Response or Prevention branch chiefs are in the rating chain of the Sector Commanders. The Sector Commander's first-line supervisor must be the Deputy Commander for Operations in this organizational construct to achieve unity and vertical alignment.

DISTRICT ORGANIZATION

PROS

- Aligns with Sector Organization
- Provides Sector Commander clear Chain of Command
- Ensures dedicated staff (entity) for logistics (merger TBD)
- Provides proper alignment for tactical operational management
- Easily linked to DHS for ops/logistics
- Meets Guiding Principles
- Merges legacy M and O functions
- Decreases the span of control and workload of former Chief of Staff position brought on by ever increasing complexity of work
- Establishes Deputy Commander for Operations - DCO position to oversee Plans, Response, Prevention, Intel, and C4IT
- More focused attention on elements important to District Commander (I.e. Ops, Logistics, Knowledge Management, and Office Admin)
- Establishes Executive Assistant (05) to manage the many administrative functions of the front office that consumed former Chief of Staff position
- Establishes a staff element to address Knowledge Management at the District Level

CONS

- Transformation Inertia must be overcome
- Span of control of District Commander increased– no Chief of Staff to manage operations, logistics integration
- Concern over placement of Intel, C4IT, Planning at same level as Prevention and Response vice at the level of “merged” operations depicted in Area DCO/DCL models

Table 10. Reported Pros and Cons of District Organization (Shown in Figure 20)
(From November 4, 2004 presentation to Coast Guard Chief of Staff).

Table 10 shows the advantages and disadvantages of the District organization (shown in Figure 20) described by the participants of the Summit. These were also reported to the Coast Guard Chief of Staff on November 4, 2004.

Figure 22 shows one of four alternative organizational structures developed by the Summit participants for Area commands. In this thesis only two of the alternatives will be discussed because Alternatives 1 and 3 have relatively minor variations from Alternative 2, and Alternative 2 had the least reported disadvantages. Alternative 2 creates a Deputy Commander for Operations who will oversee three of the divisions and the command center. Again, the organization below should achieve vertical alignment with Sectors and be a marked improvement over the Coast Guard's legacy Area organizations as long as the District Commanders report to the Area Commander, as shown (although the span of control is still quite large), or to the Deputy Commander for Operations.

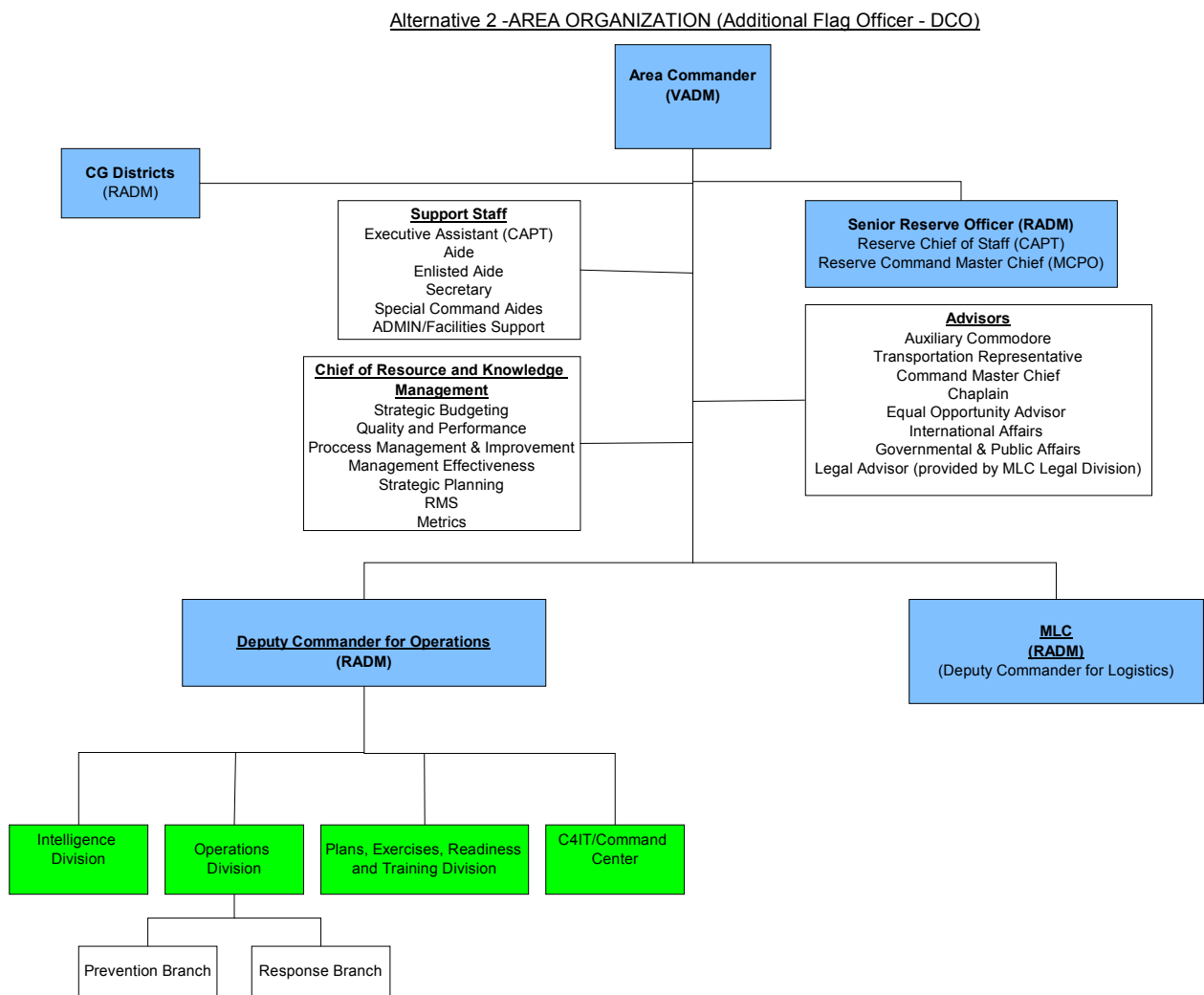


Figure 22. New Area organization developed during the Coast Guard Staff Reorganization Summit (pre-decisional) (From November 4, 2004 presentation to Coast Guard Chief of Staff).

This alternative decreases the span of control of the former Chief of Staff position which allows him or her to focus more attention on developing campaign plans, establishing operational objectives, and ensuring the tactical level is given the resources and capabilities to meet those objectives. This proposed organization also puts the operations commander at an equal rank as the logistics flag officer. Table 10 below shows the advantages and disadvantages of Alternative 2 (shown in Figure 21) reported to the Coast Guard Chief of Staff on November 4, 2004.

ALTERNATIVE 2 – AREA ORGANIZATION **(Additional Flag Officer – DCO)**

PROS

- Vertical alignment with Sector construct achieved
- Meets Guiding Principles
- Merges legacy M and O functions
- Establishes Flag level Deputy Commander for Operations (DCO) position to oversee Plans, Ops, Intel, and C4IT – more focused portfolio for Flag Officer – links to DOD/COCOM and DHS Regions
- Decreases the span of control and workload of former Chief of Staff position brought on by ever increasing complexity of work
- More focused attention on elements important to Area Commander (I.e. Ops, Logistics, Knowledge Management, and Office Admin)
- Upgrades Executive Assistant to O6 from O5 to manage the many administrative functions of the front office that consumed former Chief of Staff position
- Establishes a staff element to address Knowledge Management at the Area Level
- DCO and DCL positions both at Flag level reinforcing importance of operations and logistics

CONS

- Requires additional Flag billet
- Transformation Inertia must be overcome

Table 11. Reported Pros and Cons of Alternative 2 to Area Organization (Shown in Figure 22) (From November 4, 2004 presentation to Coast Guard Chief of Staff).

Figure 23 shows another alternative to the Area organization. While this organization may align well with the Department of Defense, it does not align well with the Department of Homeland Security and does not vertically align with the Sector construct because logistics functions are split between CG-1, 4, 5/7, 6, and 8.

Alternative 4 – Area Numbered Staff Concept

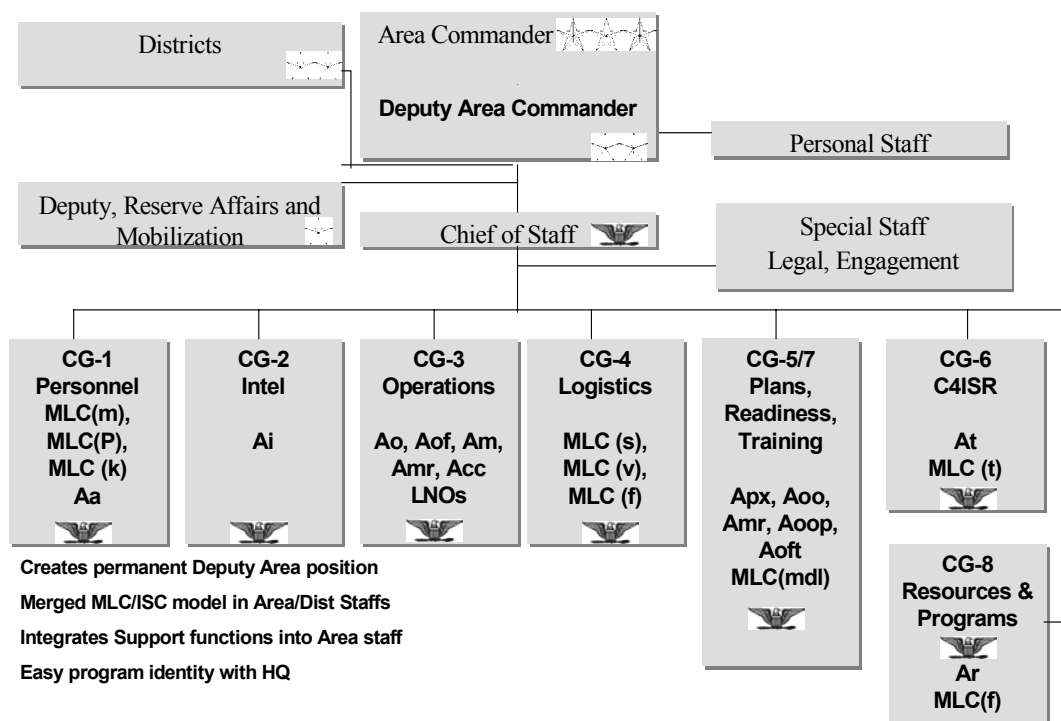


Figure 23. J-Staff alternative Area organization developed during the Coast Guard Staff Reorganization Summit (pre-decisional) (From November 4, 2004 presentation to Coast Guard Chief of Staff)

Table 12 shows the advantages and disadvantages of Alternative 4 (shown in Figure 23) reported to the Coast Guard Chief of Staff on November 4, 2004.

ALTERNATIVE 4 – NUMBERED STAFF CONCEPT

PROS

- Merges legacy M and O functions
- Establishes Deputy Area Commander position to assist the Area Commander
- Aligns with DOD Numbered Staff Concept
- Integrates Operations and Logistics

CONS

- Vertical alignment with Sectors not achieved
- Does not meet Guiding Principles
- Transformation Inertia must be overcome
- Deletes MLC Command along with Logistics Flag billet creating a perception of lack of importance of Logistics
- Deletes dedicated logistics organization – loses synergy of focus on logistics
- Span of control for Chief of Staff is large
- Increases the workload of Chief of Staff position brought on by ever increasing complexity of work

Table 12. Reported Pros and Cons of Alternative 4 to Area Organization (Shown in Figure 22) (From November 4, 2004 presentation to Coast Guard Chief of Staff).

V. CONCLUSIONS AND RECOMMENDATIONS

This study asked four primary research questions:

1. What internal organizational problems may result from Sector implementation?
2. Will the legacy organizations at the Coast Guard strategic and operational levels hinder success of the Sector commands?
3. Should changes be made to the organizational structure at all levels of the Coast Guard to better align with current mission priorities, as well as the Department of Homeland Security, and/or the Department of Defense?
4. If further reorganization is needed, what should the Coast Guard's new organizational structure look like?

This chapter is divided into sections that attempt to answer those questions, and gives recommendations, based on the study results and the published literature.

A. ORGANIZATIONAL PROBLEMS FACING THE COAST GUARD

1. Training and Expertise

Nearly everyone who was a part of this study believes that combining the field level commands together (to form Sectors) is the right thing to do. It will lead to unity of effort at the field level of the Coast Guard by merging the broad legal authorities held by Captains of the Port with the resources held by Group and some Air Station Commanders. However, the Coast Guard is facing some internal organizational problems as a result of this reorganization effort.

The Survey Respondents from the Command Cadre group, and some of those interviewed, were mainly concerned that Coast Guard members would lose expertise and would become generalists. The Coast Guard's world of work is becoming increasingly complex and it is very difficult for members to achieve in-depth expertise in more than one of two of the Coast Guards many missions. Many were concerned that the organization would lose its reputation of being highly-skilled professionals. There was also some concern that during the transition period to this new organizational structure, there would be mismatches of required skill-sets with job assignments. This is of particular concern if senior (command staff) levels might not have the training or

expertise necessary to be effective (e.g., A Group Commander with no M experience serving as a Captain of the Port, or a Marine Safety Office Commanding Officer with no O experience serving as a SAR Mission Controller).

RECOMMENDATION 1: The Coast Guard should develop and fully-fund a robust and in-depth training program for Coast Guard leaders at all levels of the organization.

Much of the training at the Sectors (Tactical Level) will be accomplished through on-the-job training programs. However, the leaders of these new organizational units may be placed in positions, and have the broad authorities, previously reserved for those with years of experience in the O or M programs. It will be critical for these members to get “up-to-speed” as quickly as possible. The training programs that are currently being developed at the Coast Guard training centers must be implemented very soon and all Sector-level Command Cadre and department heads must cycle through the programs as soon as possible. The sooner the individuals get an appreciation for the other program’s world of work, the sooner the Sectors will become cohesive high-performing units.

It will also be important to train Coast Guard personnel at the operational and strategic levels of the organization so they also understand the full suite of missions for which the Sectors will be responsible. Many of these leaders have not served at a Coast Guard field unit since 9/11 and may not have a good understanding of just how much the world of work and operational tempo has changed. Absent that understanding, the people in the legacy organization at those higher levels will likely revert to what they know and understand; their “comfort zone.” This could potentially cause serious problems for the Sector commands.

It will also be critical to assign deputies with complementary skill sets (e.g., Sector Commander with M background and experience assigned with Deputy Sector Commander with O background and experience). As expected, the Coast Guard is making every effort to ensure there is a broad mix of experience in both O and M programs at the new Sector Commands. The learning curve will be very steep initially and it will be a formidable leadership challenge to pull it off, but as Dr. Browning, the Coast Guard Historian stated,

“The Coast Guard has always found leaders within its ranks, in everything it has done.”⁹⁴ After a few years these combined commands should produce highly skilled members in the full suite of Coast Guard programs.

Keeping experienced members within the ranks will also be important for the Coast Guard to maintain expertise and train new members as they join the organization. The Coast Guard is currently growing to help address the increased workload and responsibilities that have come with the greater emphasis on the Ports, Waterways, and Coastal Security Mission. As the Coast Guard grows, many, if not most, of the new members will arrive with little or no experience. This lack of experience will initially be a burden on the existing members to train and indoctrinate the new arrivals. However, the Coast Guard now has many experienced professionals that can help with this process, if they are retained within the organization. There are also a large pool of Reserve members (nearly 3,000) who have recently served on active duty since 9/11, and many are still serving on active duty after more than three years. These members have gained valuable experience in today’s Coast Guard. Some even have experience in both the O and M communities. They are a valuable asset and should be retained in the active ranks, especially in this time of rapid change. Many want to stay, but are reaching the end of their recall eligibility.

2. Different Sub-Cultures

Another problem appears to be the difficulty of merging separate sub-cultures. In his book, *Organization Theory: Structure, Design, and Applications*, Stephen Robbins states, “Culture is to an organization as personality is to an individual.”⁹⁵ If that is true, perhaps the Coast Guard suffers from what psychologists call “Multiple Personality Disorder.” Most of the people interviewed definitely believe there are at least two and probably three distinct sub-cultures in today’s Coast Guard (the third being Coast Guard Aviation). Fifty four percent of the survey respondents from the Command Cadre group believed these differences would have a negative or very negative impact on the new Sectors, while only 20 percent believed the cultural differences would have a positive effect.

⁹⁴ Bob Browning, Ph.D., Chief Historian, USCG, *interview by author*, 25 May 2004.

⁹⁵ Stephen P. Robbins, *Organization theory: Structure, design, and applications*. (Englewood Cliffs, NJ: Prentice Hall, 1990), 438.

These multiple personalities are likely the result of prior organizational mergers and the multi-mission nature of the Coast Guard. However, James Loy, former Commandant of the U.S. Coast Guard and current Deputy Secretary of the Department of Homeland Security, has stated that it is that multi-mission capability that makes the Coast Guard “a unique instrument of U.S. national security.”⁹⁶ The Coast Guard’s own primary doctrine, *Coast Guard Publication 1*, states, “This multi-functional capability is an enduring Coast Guard quality, and our ability to field versatile platforms and develop multi-talented Coast Guard men and women is perhaps our most important core competency.”⁹⁷

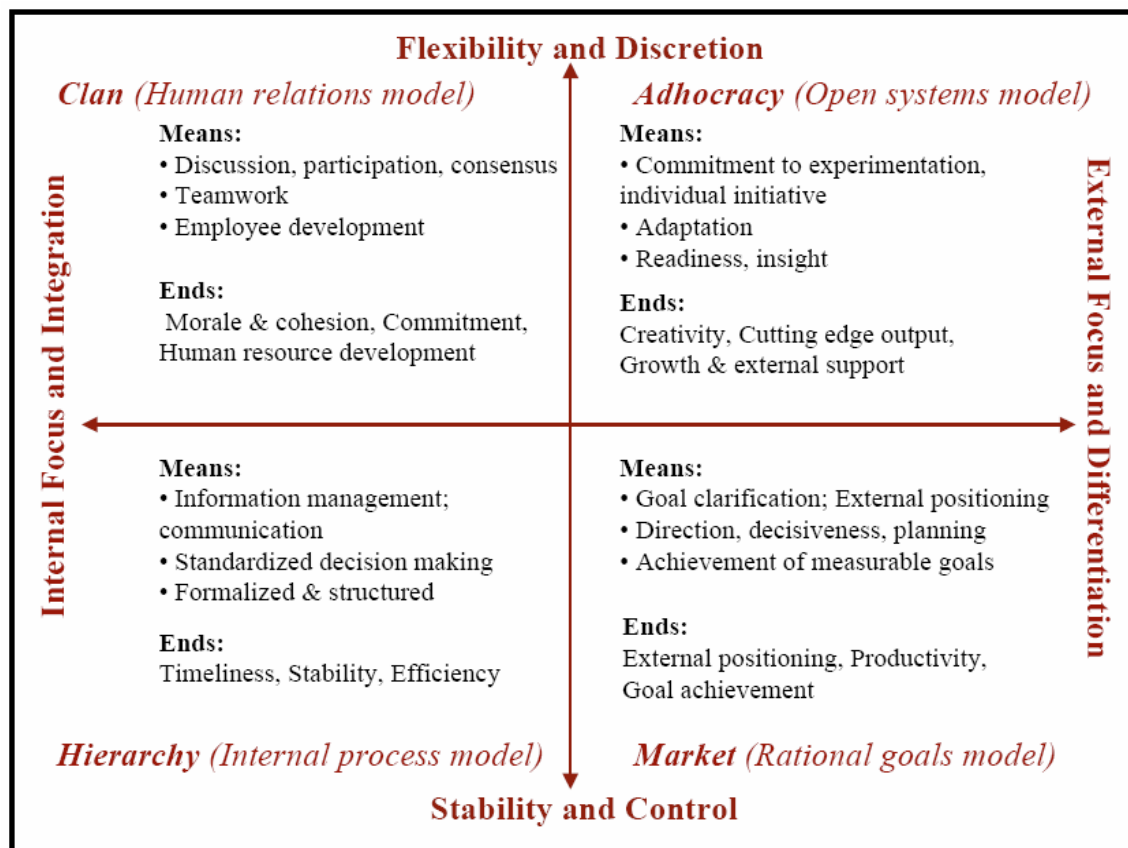


Figure 24. The Competing Values Theory of Organizational Effectiveness
(From Quinn and Rohrbaugh 1983)⁹⁸

⁹⁶ James M. Low, *A Unique Instrument of U.S. National Security*, Sea Power, December 1999, 8-13.

⁹⁷ *U.S. Coast Guard America's Maritime Guardian: Coast Guard Publication 1*, (U.S. Coast Guard: 1 January 2002), 61.

⁹⁸ R. E. Quinn and J. Rohrbaugh, *A Spacial Model of Effectiveness Criteria: Towards a Competing Values Approach to Organizational Analysis*, Management Science 29 (1983) 363-367.

The competing values theory developed by R. E. Quinn and others is shown again in Figure 24. Based on the input from the personal interviews and my personal experience, if one were to place the O community within the Figure, it may very well lie in the lower left quadrant (Hierarchy – Internal process model). There is much standardization within the O community and they tend to have an internal focus, as discussed earlier. They are also very timely, stable, and efficient. The Aviation community would also likely fall in the lower left quadrant. The M community, on the other hand, would likely fall in the lower right quadrant (Market – Rational goals model). They are much more externally focused and rely heavily on planning activities. As the model predicts, this may make it more difficult to merge the sub-cultures than if they all occurred in one quadrant.

The multi-mission character of the Coast Guard is important and must be maintained. However, cultural differences and legacy organizational structures within the Coast Guard threaten to cause difficulties as Coast Guard Sectors are created to address the “new normalcy.” It is imperative that the potential friction caused by the merger of different sub-cultures does not limit or degrade the Coast Guard’s ability to provide quality service to the American people. It will be critical for the individuals in the new Sectors to acknowledge and embrace the value of different functions and form a now “combined” culture where all can thrive.

The lingering effects of physical and cultural consolidation are a potential problem that should lessen as the Sector model becomes the norm. Many members of combined commands stated that after the initial merger, the next group of people assigned to the unit had a much easier time adjusting to the unit than those who were assigned to one or the other of the units before the merger. Change is difficult and familiarity with a job brings a level of comfort in one’s own ability to perform. As job descriptions changed, members were thrown out of their comfort zone. The literature also supports this observation; according to a Harvard Business review article in 2001, the best way to merge cultures is to get people working together quickly to solve problems and accomplish results that could not have been achieved before. Michael Beer and Russell Eisenstat of the Harvard

Business School, and Bert Spector of Northeastern University agree. In their chapter entitled, *Why Change Programs Don't Produce Change* they offer the following observation:

In fact, individual behavior is powerfully shaped by the organizational roles that people play. The most effective way to change behavior, therefore, is to put people into a new organizational context, which imposes new roles, responsibilities, and relationships on them. This creates a situation that, in a sense, “forces” new attitudes and behaviors on people.⁹⁹

Much of the literature also suggests that it may take 5-10 years for a new culture to develop and, during that period, it is critical that the behaviors expected of employees must be modeled by leaders within the organization. These symbolic behaviors are one of the “Soft” Ss in the 7-S Framework described in Chapter II.¹⁰⁰ The Activities South Texas experiment failed, in part, because the field level merger was not supported by Coast Guard leaders at the higher levels of the organization.

RECOMMENDATION 2: The Coast Guard should merge the Operations and Marine Safety communities at all levels of the organization.

Much of the literature, and the Coast Guard's experience with Activities commands, suggest that it will be critical for the Coast Guard to reorganize at the upper level of the organization to ensure unity is maintained. If the strategic and operational levels of the organization remain unchanged, the cultural differences in the senior leadership will likely endure for quite some time. The organization is sending the wrong message if the O and M communities merge only at the field level and not at the other levels of the organization.

In 1947 the National Security Act created the Department of Defense in an effort to unify our armed forces. However, the services remained largely separate from each other—each with their own culture and each giving lip service and a token effort at unity. It was not until the Goldwater-Nichols Act of 1986 that the forces truly began to unify.

⁹⁹ Michael Beer, Russell A. Eisenstat, and Bert Spector, *Why Change Programs Don't Produce Change*, in Tood D. Jick, ed., *Managing Change – Cases and Concepts*, (Boston: Irwin 1993), 267.

¹⁰⁰ T. J. Peters and R. H. Waterman, Jr., *In Search of Excellence: Lessons from America's Best Run Companies*, (New York: HarperCollins, 1982), 187.

That unity showed itself to be highly effective in the 1991 Gulf War; in a decisive victory for the U.S.¹⁰¹ Unified forces also proved highly effective, more recently, in Afghanistan and Iraq.

Some survey respondents recommended keeping the program managers at Headquarters, so as not to lose the expertise they provide. I agree with them, but the program managers do not need to be under separate O and M Assistant Commandants. By merging these under one Assistant Commandant; perhaps the Assistant Commandant for Coast Guard Operations, the unity at the field (tactical) level is achieved at the Headquarters (strategic) level.

It appears sub-cultural differences do exist and Coast Guard leaders at all levels much be the driving force toward a new joint M and O culture; a multi-mission, multi-talented culture that will serve the American public with distinction for many years to come. If Coast Guard leadership is not 100 percent behind this change effort, it will fail. The Coast Guard has mechanisms in place to evaluate individuals' performance. Over the next few years, part of the evaluation should be heavily focused on how those leaders performed in support of Coast Guard reorganization efforts. Those that are agents for change should be rewarded (symbolic behavior). At the same time, those that become obstacles to change should be moved aside or removed from the organization. As one respondent wrote,

Keep charging forward, provide resources to the best of our abilities, recognize people or organizations that are being less than cooperative and move them out of the way and replace them with people who are able to change and provide the leadership that meets the needs of the future.

RECOMMENDATION 3: The Coast Guard should hold leaders at all levels accountable for modeling behavior consistent with the joint culture that will be necessary for Sectors to succeed.

While all of those interviewed believed that there were cultural differences in the O and M community, and some of the Command Cadre survey respondents used confrontational words like “clash of cultures” and “struggle for dominance,” many

¹⁰¹ James R. Locher III, *Has it Worked? The Goldwater-Nichols Reorganization Act*, Naval War College Review, Vol. 54, Iss. 4 (August, 2001), 22 pgs.

believe the differences will be short-lived once each community begins working together and becomes more familiar with, and begins to respect, the other community's "world of work." The "Activities" (now Sector) concept can work extremely well. In fact, the Coast Guard was very fortunate that both units that initially responded to the attacks of 9/11 were already fully functioning Activities (i.e., Activities New York – The World Trade Center and the evacuation of Manhattan; and Activities Baltimore – the Pentagon and the securing of the Washington, D.C. waterways). If working together is the best treatment to cure the Coast Guard's Multiple Personality Disorder, then leaving the legacy O and M organizations at the District, Area, and Headquarters levels will only prolong the suffering. As one survey respondent put it, "In a few years, no one will remember the "Old Guard" and perhaps our core values of HONOR, RESPECT, and DEVOTION TO DUTY will reign once more."

3. Lack of Money and Resources

The predominant recommendation given by the survey respondents to the question of what should be done to solve some of the problems they listed was, *Get the Money and People We Need to Do This Right*. Over half of the respondents gave this answer. Many are frustrated by having to carry out this merger with no money or people to make it work. The Coast Guard is attempting to make this change in a resource-neutral way; with existing unit budgets and with the existing people present at each of the units that will merge. The Coast Guard has a history of doing this. It is what former Commandant James Loy called, "The Curse of *Semper Paratus*." That motto has come to mean that the Coast Guard will take on any new mission, or any added responsibility, without first obtaining the necessary budget and resources to do the job. This current "resource neutral" effort is an admirable attempt to be good stewards of the tax-payers' money. However, due to the fact that many Sectors will cover a very large geographic area, much more travel may be necessary than before the merger. This will take time and vehicles, or money for pay for other transportation. This will become especially important where the former Group and former Marine Safety Office will not be able to co-locate due to geographic separation in their physical location and/or where the actual work is. For example, SAR assets (and the Group) may be extremely busy at the mouth of a river, while most of the legacy M missions (and the MSO) may occur far up river at a

commercial port. These additional travel expenses and time requirements are not being addressed or budgeted for. This is only one example of what Peter Frumkin calls *High Transaction Costs*. In his checklist for merger managers (see Chapter II) he cautions managers to control potentially high transaction costs of undertaking consolidations and urges them to try not to impose undue burdens on staff.¹⁰²

RECOMMENDATION 4: The Coast Guard should ask Congress for sufficient funding to implement reorganization plans and co-locate as many field units as possible.

As one respondent put it,

...it's very frustrating to think that the Sectors are going to have to develop work-arounds and "virtual" relationships between the separate legacy field units for the next 10-15 years. Where the units are forced together in existing facilities, can we expect our people to work out of crowded, inefficient spaces or mobile trailers in order to make this work? Short-term...yes, but not over the long-term.

As noted earlier, other responses included, "Go to Congress and get the money to do this right. If it is such a good idea, Congress will see that and fund it." And, "Provide billets to shift to Sectors vice trying to perform another "zero billet growth" miracle."

The approved Sector organizational construct the Coast Guard is adopting attempts to capture these four core characteristics.¹⁰³

1. Integrated Command Center for all commands in each area of responsibility
2. Single point-source broker of assets at the field unit commander level
3. Integrated operations concept where Group, Port, and Air operations personnel work side-by-side
4. Co-location of field level command and control (C²) organizations

It will be very difficult to achieve these characteristics without the units being co-located; as evidenced by the Activities South Texas experiment. Co-location may, in fact, be critical to the success of the new Sectors.

¹⁰² Peter Frumkin, *Making Public Sector Mergers Work: Lessons Learned*. IBM Center for the Business of Government – Transforming Organizations Series. 2003, accessed 21 February 2005; available from http://www.businessofgovernment.org/pdfs/Frumkin_Report.pdf; Internet.

¹⁰³ Coast Guard Chief of Staff ALDIST 094/99 message entitled, *Guidance on Implementing Results of Integrated Operations Command (IOC) Evaluation*, March 22, 1999.

The overarching purpose of this reorganization effort is to provide better service to the American people and co-location has been shown to be one of the keys to success of this concept (see the discussion in Chapter I D.). However, co-locating units into suitable facilities will cost some money. If the Coast Guard can be more efficient and effective in carrying out its missions, it will be money well spent. The Coast Guard provides great value to the American public. On an average day the Coast Guard:¹⁰⁴

- Saves 11 lives
- Assists 136 people in distress
- Conducts 106 search and rescue cases
- Protects \$3.2 million in property
- Enforces 103 security zones
- Interdicts and rescues 15 illegal migrants at sea
- Boards 3 high interest vessels
- Enforces 103 security zones
- Boards 138 vessels of law enforcement interest
- Boards 152 large vessels for port safety checks
- Seizes 39 pounds of marijuana and 324 pounds of cocaine with a street value of \$10.8 million
- Conducts 296 vessel safety checks and teach boating safety courses to 289 boaters
- Conducts 20 commercial fishing vessel safety exams
- Responds to 20 oil and hazardous chemical spills
- Processes 238 mariner licenses and documents
- Services 140 aids to navigation
- Monitors the transit of 2,557 commercial ships through U.S. ports
- Investigates 38 vessel casualties involving collisions, allisions, and groundings

B. THE LEGACY ORGANIZATION WILL HINDER SECTORS

The primary problem with the Coast Guard's current reorganization effort appears to be violation of the critical tenets of unity throughout the entire organization. That is, a

¹⁰⁴ Coast Guard Internet Web site, *An Average Day in the U.S. Coast Guard*, Available [Online] <http://www.uscg.mil/hq/g%2Dcp/comrel/factfile/factcards/avgday.html> [31 January 2005]

lack of unity of command, unity of direction, and unity of accountability that will result if the legacy organizational structures at the District, Area, and Headquarters levels remain unchanged.

A majority of the survey respondents from the Command Cadre group believe that the legacy organizational structure at the District, Area, and Headquarters level of the Coast Guard will have a negative, or very negative, effect on unity of command and unity of direction, but they largely did not believe unity of accountability would suffer (see Chapter IV A.). Some pointed to the fact that the rating chain will show the accountability relationships. Each officer is given a performance review (Officer Evaluation Report (OER)) at least annually, and the supervisor, reporting officer, and reviewing official shown on the OER will hold the officer accountable for his or her actions.

The use-case also illustrated the point that the unclear chain-of-command may place the Sector Commanders in the very difficult position of trying to serve two masters. Those field-level commanders have the legal authority to make tough decisions, like the one they were asked to make in the use-case scenario, and they should be held accountable for their actions. What they should not have to endure is being second-guessed by more than one individual at the operational or strategic levels of the organization (who may not have the field commander's legal authority or experience level); this is especially true as long as there is no clear policy on when one mission takes precedence over another. It is difficult enough to avoid "armchair quarterbacking" when there is a clear chain-of-command and unity is preserved in the design of the organization. As President Eisenhower once said, "While the right organization might not guarantee success, the wrong one will likely guarantee failure."

RECOMMENDATION 5: The Coast Guard should vertically align the operational and strategic levels of the organization to support the tactical field units; ensuring unity of command, unity of direction, and unity of accountability.

C. CHANGES SHOULD BE MADE THROUGHOUT THE ORGANIZATION

Rhonda K. Reger wrote, “Insignificant earthquakes, like incremental change in an organization, may cause rumblings, but often do little or nothing to relieve the pressure.”¹⁰⁵ Organizations tend to change as little as they must, instead of as much as they should. This research shows that the Coast Guard should make even more sweeping organizational changes than simply merging field units (i.e., change as much as it should – not as little as it must).

RECOMMENDATION 6: The Coast Guard should restructure the entire organization to eliminate obstacles blocking the path to success.

Many of the concerns raised by the Summit participants in their document *Why We Need to Reorganize* were mirrored by the members of the Command Cadre group, and the Coast Guard members interviewed by the author (see Chapter IV). The Coast Guard should have publicized the Summit more widely to reassure Coast Guard members that the issues of unity and alignment throughout the organization were being addressed. Absent any clear communication on ongoing planning activities, like the Summit, many people in the field are struggling to keep a positive attitude about this change effort. There are many unknowns and this organizational change initiative is quite disruptive and is causing considerable angst. Reorganization was mentioned in a LANTAREA Commander’s Critical Initiatives message that reads, “The leadership of the Coast Guard is examining ways to re-organize at the Area and District level that will enable us to better respond to the needs of our Sector Commanders, our partners and constituents, and provide a more focused and coordinated response to National Security requirements.”¹⁰⁶ Reorganization was also hinted at in a line in a decision memo that reads, “While the larger organizational issues are being evaluated, the chain of command will establish the necessary coordinating mechanisms to ensure the Sectors can operate as envisioned, with

¹⁰⁵ Wolf J. Rinke, *Winning Management: 6 Fail-Safe Strategies for Building High-Performance Organizations*, (Clarksville, MD: Achievement Publishers, 1997) 9.

¹⁰⁶ Message dated 01 January 2005 from Commander Atlantic Area entitled, *Commanders Critical Initiatives*.

no disruption of Coast Guard services to our customers.”¹⁰⁷ As the previous chapters illustrate, these “necessary coordinating mechanisms” may be a difficult one to put into practice. I believe if people knew that efforts like the Summit were being pursued, they would be somewhat reassured that their leadership is trying to do the right thing and it would remove some of the uncertainty.

When the Command Cadre group was asked to list any advantages or disadvantages of maintaining the legacy organizational structure at the District, Area and Headquarters levels 12 of the 29 respondents believe that the Coast Guard has too many layers, nine others think there are no advantages, and four recommended that the structure of the entire organization should be changed. So, 25 of 29 responses listed disadvantages, while only one said the legacy organizations are not a problem. Two others believe that the Coast Guard should maintain program managers at Headquarters to ensure uniform guidance for, and execution of, individual programs.

In the widely referenced book, “*On Change*,” John Kotter states that one of the major errors organizations make is “Permitting Obstacles to Block the New Vision.” These obstacles are sometimes the organizational structure. Kotter wrote, “Perhaps worst of all are supervisors who refuse to adapt to the new circumstances and who make demands that are inconsistent with the transformation.”¹⁰⁸ As shown throughout this thesis, if the Coast Guard does not combine O and M at all levels, the Sector Commanders will be placed in a position that violates the critical tenets of unity and are being set up to fail; no matter what they do.

D. THE U.S. COAST GUARD SHOULD BECOME A TRI-LEVEL ORGANIZATION

RECOMMENDATION 7: Coast Guard Headquarters should constitute the strategic level of the organization, 10 Regions should make up the operational level, and approximately 40 Sectors should be the tactical level.

Make a Tri-Level Organization: Headquarters – Regions - Sectors

¹⁰⁷ U.S. Coast Guard Memorandum, *Decision Memo: Sector Organizational Construct*, (Washington, D.C. May 2, 2004) Enclosure, 3.

¹⁰⁸ John Kotter, *Leading Change*, (Boston: Harvard Business School Press, 1996) 10.

As discussed in Chapter II, the literature suggests that in order to become a high-performance, or world-class organization, the Coast Guard must move to a flatter organizational structure. In an era when high performance organizations are becoming flatter (i.e., eliminating organizational levels), the Coast Guard's Sector reorganization effort is doing just the opposite – it is adding an organizational level to a structure that may already have too many layers. A recent study of the 300 largest U.S. companies, with an average of almost 50,000 employees, showed that corporate hierarchies have become flatter over the past two decades.¹⁰⁹ So, layers of intervening management are being eliminated in the private sector, but the Coast Guard is creating an additional management layer. This seems to be contrary to conventional wisdom. Also, many of the other organizations within the Department of Homeland Security (DHS) have only three levels of hierarchy. The military tri-level system also consists of three levels; a strategic level, an operational level, and a tactical level. Since the Coast Guard is a military organization that resides in the DHS, every effort should be made to match up with the other organizations as well as Department of Defense organizations, especially Northern Command (NORTHCOM). Since NORTHCOM will interact extensively with the DHS Regions, a Headquarters – Region – Sector model will best coordinate with the Coast Guard's primary civilian and military partners.

As noted earlier, in the book *Transformational Leadership in Government*, Jerry Koehler and Joseph Pankowski described future government organizations as follows:

Agencies will align around core processes rather than functions. The goal will be to eliminate unnecessary bureaucracy. Leaders and teams will streamline processes. Consequently, levels of bureaucracy will be removed, and the organizational charts will reflect the way work is processed in the organization. Government organizations will change from being “tall,” where administrators have a narrow span of control with many levels of chain of command, to a “flat” organization, where leaders have a wide span of control with fewer levels of management.¹¹⁰

¹⁰⁹ Raghuram Rajan and Julie Wolf, *The Flattening of the Firm: Evidence from Panel Data on the Changing Nature of Corporate Hierarchies* (National Bureau of Economic Research, October 2003), <http://www.nber.org/digest/oct03/w9633.html>.

¹¹⁰ Jerry W. Koehler and Joseph M. Pankowski, *Transformational Leadership in Government*, (Delray Beach, FL: St. Lucie Press, 1997) 54.

The Sector reorganization will result in field units that are organized around core processes that fall into the general categories of response, prevention, and logistics. The rest of the organization should change to support this initiative and become flatter. The Headquarters – Region – Sector organization recommended above, and by several of the survey respondents, will require some movement of resources and likely some regulatory changes, but ideally the boundaries of the 10 proposed Coast Guard Regions should match those of the 10 DHS Regions that should be established by mid-2005. Also, by eliminating one level of the organization, the Coast Guard should become more responsive and more agile leading to improved performance.

A tri-level organization will also better align with the new National Response Plan. This all-hazard plan is set up to provide support during Incidents of National Significance at the national, regional, and local levels through a National Response Coordination Center (Headquarters personnel should staff), Regional Response Coordination Center (Region personnel should staff), and Joint Field Office (Sector personnel should staff), respectively.

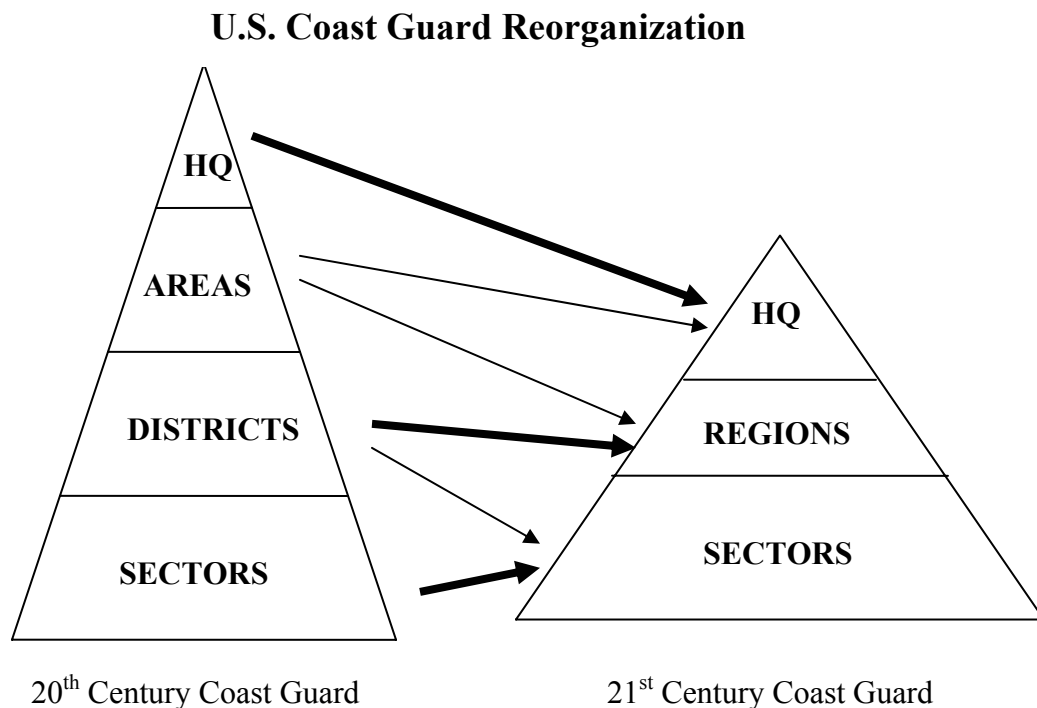


Figure 25. Proposed Coast Guard Reorganization

RECOMMENDATION 8: The Coast Guard should eliminate Atlantic and Pacific Area commands and convert District commands into Regional commands to match DHS.

If the Coast Guard is to eliminate one layer of its organization, which layer should it be? Since there are currently two Areas and nine Districts, it seems logical to eliminate the two areas and divide their work and personnel between Headquarters one new Regional Command. The Nine District Commands would then also be converted to Regional Commands with boundaries matching the DHS Regions. Clearly, this will require reallocation of personnel to ensure each Regional Command is properly positioned to handle the operational tasks they will be responsible for. Figure 24 shows this transformation graphically. It will be important to move the strategic tasks that the Areas are now performing to Headquarters and the operational task should move to the Regional Commands. Likewise, the tactical activities now being done at the District level should be moved to the Sector level for execution.

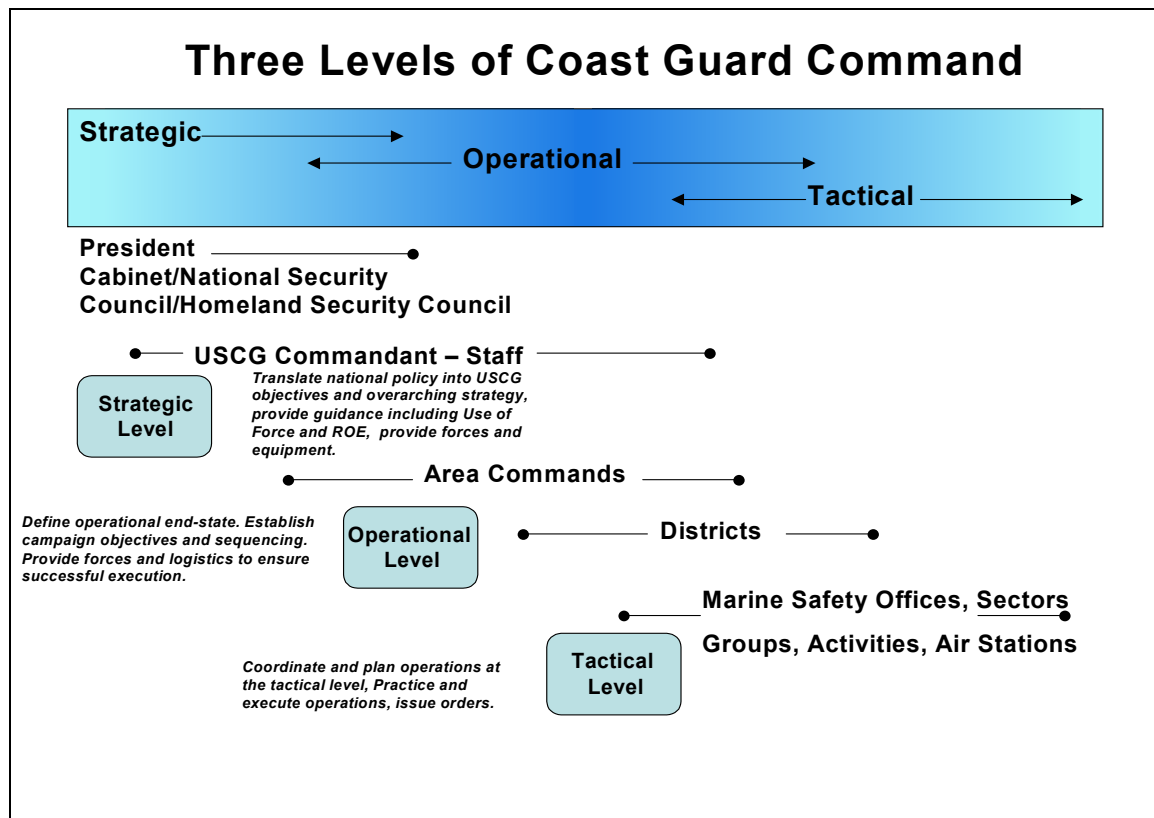


Figure 25. Overlapping activities carried out by the four Coast Guard Organizational Levels (After PWCS Mega-CONOP)¹¹¹

¹¹¹ Anteon Corporation, *Ports, Waterways, and Coastal Security Mega-Concept of Operations*, (Produced for U.S. Coast Guard G-O, G-M, and CG-2), August 2004.

Figure 25 shows a large amount of overlap and redundancy in the strategic, operational, and tactical activities at the four levels of the Coast Guard's current organizational structure. Headquarters and Area both perform strategic, operational, and even some tactical activities, Districts and field units perform both operational and tactical activities. If these activities could be separated to remove some of the redundancy and provide clearer distinction on which level is responsible for which activities, it is likely that efficiency, clarity, alignment, and unity would improve. By moving to a tri-level structure, the Coast Guard should be able to improve both its performance and its ability to react quickly to changing demands.

If we look at the primary roles of the Area Commanders,¹¹² (Table 13) we see that the roles can be divided into strategic roles and operational roles. In order to eliminate this level of the organization, the strategic roles should be moved to Coast Guard Headquarters and the operational roles should be given to the Regional Commands.

Core Business	Type of Activity	Move To
Theater Level Operations	Operational	Regions
Operational Oversight	Operational	Regions
Resource Allocation	Strategic	Headquarters
Deliberate and Contingency Planning	Operational	Regions
International Activity	Strategic	Headquarters
Representation and Liaison	Operational	Regions

Table 13. Coast Guard Atlantic Area core business and where it should be moved to.

Following Mintzberg's model of organizations, Headquarters should constitute the Strategic Apex, Regions should constitute the Middle Line, and the Sectors should make up the Operating Core.

¹¹² Draft report of the LANTAREA Core Business Study Team, 07 April 1993.

The approved Sector Construct (see Figure 3) is well designed as what Mintzberg described as a Divisional form (Divisional Bureaucracy) with the Technostructure (Contingency Planning and Force Readiness Staff) and Support Staff (Logistics Department, Intelligence Unit¹¹³, Senior Advisors, and Integrated Command Center) at the Sector level preserved (see Chapter II D.). This should allow the tactical (Operating Core) to rapidly compensate for changing conditions. According to Mintzberg, this type of organizational design gives a good deal of autonomy to the individual units within the Operating Core and allows each to concentrate on its own particular market. I believe that is important, as different regions of the country, and different ports, often have widely varying concerns.

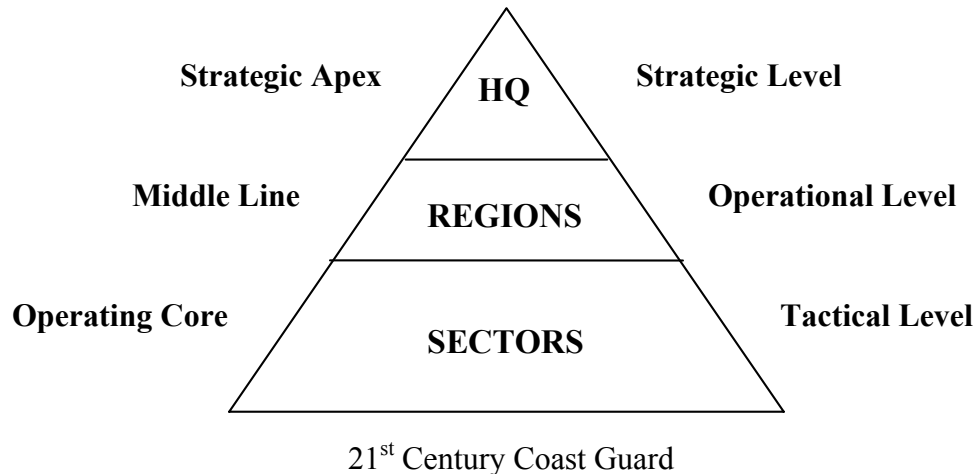


Figure 26. Proposed Tri-Level Organization for the Coast Guard

Figure 26 shows this proposed structure graphically. Peter Drucker, sometimes called the Dean of American management, once wrote,

When during the past 10 or 15 years, companies began to organize themselves internally around the flow of information...they immediately found that they did not need a good many management levels. Some companies have since cut two-thirds of their management layers.¹¹⁴

¹¹³ The Intelligence unit will be a Field Intelligence Support Team.

¹¹⁴ Norman R. Augustine, *Reshaping an Industry: Lockheed Martin's Survival Story*, in *Harvard Business Review – On Change* (Boston: Harvard Business School Press, 1998), 172.

Many of the Survey respondents also believed that the Coast Guard has too many layers and that one should be eliminated (see Chapter 4 A.). Mr. Theodore Kuchler Jr., a retired DuPont executive, told me that when DuPont began eliminating managers during restructuring efforts, they found that much of what the manager's subordinates did on a day-to-day basis was gather information to provide to their boss. When the boss went away, much of the work went away as well—leading to increased efficiency and productivity of the people who remained. Since 9/11 the Coast Guard's workload has definitely increased and it is being felt throughout all levels of the organization. The recommendations here are supported by the literature and the data from this study. The Coast Guard should eliminate a layer of management and reap whatever efficiencies it can by striving to be a high-performance organization.

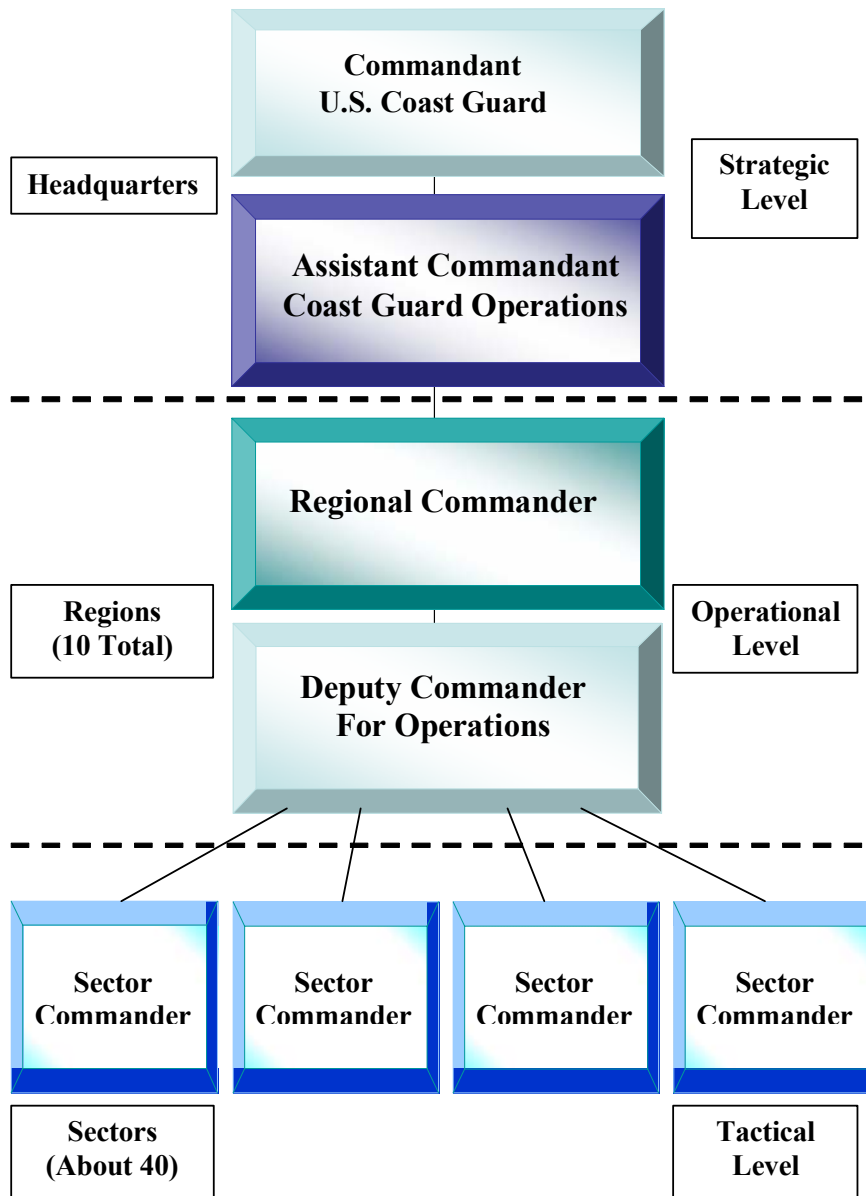


Figure 27. Aligned chain-of-command for Sector Commanders ensuring unity of command, unity of direction, and unity of accountability.

Figure 27 shows how the restructuring of the entire Coast Guard can lead to vertical alignment and unity between all levels. This proposed organization is quite similar to one proposed by Commander Scott Buschman, USCG (a Sloan Fellow at Massachusetts Institute of Technology) in his Master's thesis entitled, *The Coast Guard*

in Transition: Organization Change in Response to September 11th.¹¹⁵ His thesis was submitted to the Alphonse P. Sloan School of Management in 2003. Now, nearly two years later, I have independently come to the same conclusion—Area Commands should be eliminated and the Coast Guard should become a tri-level organization.

E. THE WAY-AHEAD

RECOMMENDATION 9: The Coast Guard should follow the nine key practices for successful transformations published by the U.S. Government Accounting Office in 2003.

To make these recommendations a reality, I recommend that the Coast Guard follow the nine key practices for successful mergers, acquisitions, and transformations defined by the U.S. Government Accounting Office (GAO). Once again the nine principles are:¹¹⁶

1. Ensure top leadership drives the transformation.

Leadership must set the direction, pace, and tone and provide a clear, consistent rationale that brings everyone together behind a single mission.

Like the current Sector reorganization effort, the suggestions for organization-wide change recommended in this thesis should be championed by the Commandant of the Coast Guard and supported at the highest levels of the organization.

2. Establish a coherent mission and integrated strategic goals to guide the transformation.

Together, these define the culture and serve as a vehicle for employees to unite and rally around.

The goals of the organization-wide changes recommended in this thesis include improving operational performance by creating:

- Unity of command, unity of direction, and unity of accountability at all levels of the organization
- Vertical alignment throughout all levels of the organization
- A large pool of Coast Guard professionals conversant in the full suite of Coast Guard missions

¹¹⁵ Scott A. Buschman, *The Coast Guard in Transition: Organization Change in Response to September 11th*, (Master's thesis, Massachusetts Institute of Technology, 2003), 77.

¹¹⁶ *Results Oriented Cultures: Implementing Steps to Assist Mergers and Operational Transformations*, United States Government Accounting Office (GAO-03-669, July, 2003), 2-3.

- A highly efficient and agile high-performance organization that is an outstanding steward of the taxpayers' money
- An organization that easily aligns with other Department of Homeland Security agencies and with the new National Response Plan.

3. Focus on a key set of principles and priorities at the outset of the transformation.

A clear set of principles and priorities serves as a framework to help the organization create a new culture and drive employee behaviors.

I believe the key principles should be unity, alignment, and performance; along with our core values of Honor, Respect, and Devotion to Duty.

4. Set implementation goals and a timeline to build momentum and show progress from day one.

Goals and a timeline are essential because the transformation could take years to complete.

This timeline should be developed by the implementation team described in number 5, below. It should include the schedule for: Sector implementation, the conversion of Districts into Regions, and the removal of Areas, as described earlier. Employee attitudes and retention should be monitored to ensure that the change procedure does not “kill the patient.”

5. Dedicate an implementation team to manage the transformation process.

A strong and stable team is important to ensure that the transformation receives the needed attention to be sustained and successful.

This team should function much as the Sector Implementation Team has and perhaps probably even have at least some of the same members. It should also receive additional staffing to develop and carry out the communication plan described in Recommendation 10, below. This team should be stood-up immediately in anticipation of the announcement of the locations of the new Department of Homeland Security Regional offices. They should also begin developing a detailed plan for eliminating the Area Commands.

6. Use the performance management system to define responsibility and assure accountability for change.

A “line of sight” shows how team, unit, and individual performance can contribute to overall organizational results.

Follow the nine Key Practices for Effective Performance Management as described in Table 2 of Appendix 1 in the GAO Report.¹¹⁷ The Coast Guards evaluation systems and performance management systems should be re-evaluated and compared to these practices.

7. Establish a communication strategy to create shared expectations and report related progress.

The strategy must reach out to employees, customers, and stakeholders and engage them in a two-way exchange.

See Recommendation 10 below and the associated discussion.

8. Involve employees to obtain their ideas and gain their ownership for the transformation.

Employee involvement strengthens the process and allows them to share their experiences and shape policies.

Employees at all levels of the organization should be involved in the transformation from the beginning and should be allowed to provide input to how the transformation process should proceed. This allows them to have some ownership in the process. By incorporating employee feedback into the new policies and procedures the leaders of the organization can gain their trust and help ensure buy-in. Delegating authority to the appropriate levels will help ensure the new policies and programs will work. Individuals must also be held accountable for performance and for treating employees fairly.

9. Build a world-class organization.

Building on a vision of improved performance, the organization adopts the most efficient, effective, and economical personnel, system, and process changes and continually seeks to implement best practices.

Continue to seek improved performance by seeking out the best practices of the public and private sectors to implement—if they fit into the desired culture of the new organization. GAO has also developed best practice reviews that provide guidance to help public organizations become world-class.¹¹⁸ These reviews should be thoroughly researched by the implementation team as they develop the plan for implementation of the changes recommended in this thesis.

¹¹⁷ *Results Oriented Cultures: Implementing Steps to Assist Mergers and Operational Transformations*, United States Government Accounting Office (GAO-03-669, July, 2003), 22.

¹¹⁸ These reviews can be found at <http://www.gao.gov/bestpractices/reviews.html>.

The nine key principles above were developed by studying a large number of organizational transformations and they have been proven effective. Another advantage of following the steps listed above is that if the GAO later evaluates the Coast Guard's organizational change initiative, they will find that the Coast Guard followed the key practices they recommended. It will also be wise to keep in mind the other recommendations made throughout this thesis and in the cited literature.

RECOMMENDATION 10: The Coast Guard should develop a robust communications plan to “sell” the sweeping change efforts recommended here.

Poor communication of the vision is one of the most common reasons given in the literature for the failure of change initiatives. A robust communication plan should be targeted at gaining buy-in from Coast Guard members at all levels, but especially from the enlisted ranks. These individuals are the life's-blood of the organization and they will determine whether or not the change effort will be effective. The best way to do this is to target their first-line supervisors through face-to-face communication.

The Coast Guard should task a few small groups to travel to field units around the country and spread the word about the advantages of these change efforts and what the vision is for the future of the organization. In their book, *Communicating Change*, T.J. and Sandra Larkin show that 92% of U.S. employees prefer to hear about changes from their first-line supervisor. Their research shows that companies should not:

- communicate change directly from upper level management to frontline employees;
- rely on communication trickling down through middle management; or
- assume frontline employees will change based on information they receive from videos, briefing meetings, or the company newspaper.

Instead, when change is critical, the first priority must be to target first-line supervisors. They wrote, “Above everything else, communication should be about changing employees. The senior executive's communication doesn't do that—only communication between a supervisor and employees has the power to change the way employees act.”¹¹⁹

¹¹⁹ T. J. Larkin and Sandra Larkin, *Communicating Change: Winning employee support for new business goals*, (New York: McGraw-Hill, Inc. 1994) 2-4, 87.

The Coast Guard's current communications plan for the current change effort is seriously lacking in face-to-face communication with those that will be most affected—those at the field units. Sending the occasional message¹²⁰ (one of nearly 100 posted each day) and setting up a web site are not sufficient to effectively communicate the Commandant's vision for this change effort.

Open House

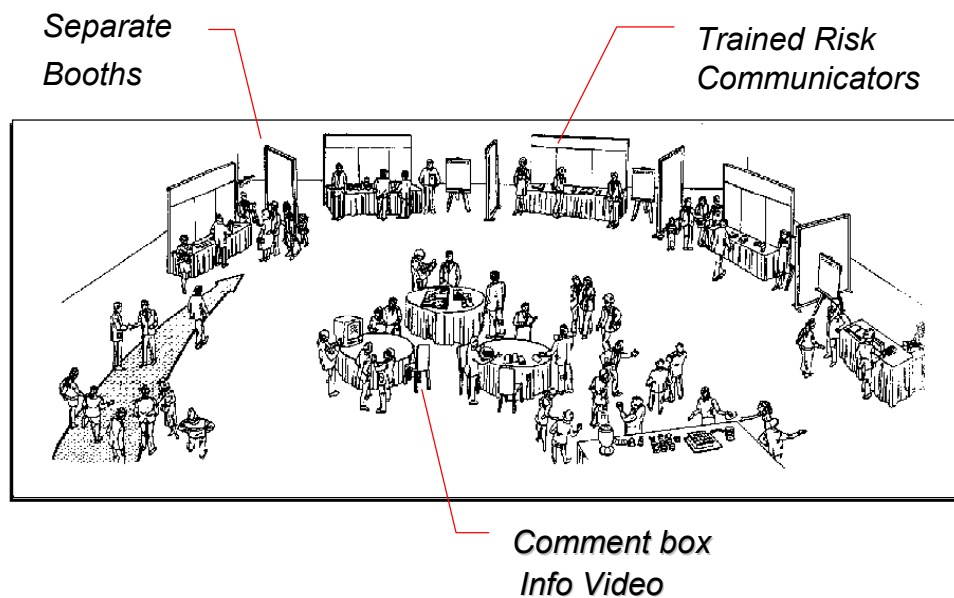


Figure 28. Open house format for effect communication to large groups.
(From a Coast Guard Public Affairs Training Presentation)

Figure 28 shows an open house format for effective communication to large groups of people. Luckily, the Coast Guard is already quite good at this type of communication. It is a risk communication tool that is often used very effectively by the Coast Guard after large oil spills to reassure the public and address their concerns. The advantage of the open house format is that more forceful individuals do not dominate the

¹²⁰ The Coast Guard Message System (CGMS) is an electronic message board for official correspondences. Each unit is given a Plain Language Address (PLAD) that is used to direct message to that unit. The Sector Implementation Messages are sent as ALCOAST messages to all Coast Guard personnel with access to CGMS.

discussion, or the microphone; there is less of an “us vs. them” mentality; and those with legitimate concerns often feel more comfortable reading a poster or talking one-on-one in a less public setting.

In the Implementing the Merger stage of Peter Frumkin’s “Checklist for Merger Managers,” One of the items is *Find clear benefit for employees and publicize them*.¹²¹ See Chapter 2. The Coast Guard has some outstanding examples of the benefits of combined commands from the outstanding performance of Activities Baltimore after the Pentagon was attacked, and especially in Activities New York’s response to the attacks on the World Trade Center. There is no doubt the model worked in New York:

Force lay-down policies were hastily constructed to handle the rapid and massive influx of the Coast Guard cutters, boats, and aircraft that enforced security zones. Traffic management plans were formed and published to keep the maritime community aware of the safety and security zones the Coast Guard had established. And new policies for boarding commercial vessels were developed and circulars describing those policies were disseminated throughout the port.

Admiral Richard Bennis, Captain of the Port New York, probably said it best: “There is no better way to run our operations than the Activities concept. One person owns all the problems, as well as the assets to solve them.”¹²² Stories like these should be well publicized throughout the organization—to show Coast Guard members the advantages of this change initiative.

The final point on Frumkin’s checklist is, “Always be ready to adjust.” This is the spirit of the Coast Guard motto *Semper Paratus* (Always Ready). Accurate measurement tools as well as internal and external customer feedback will help the Coast Guard know when a change or adjustment is needed.

F. AREAS FOR FURTHER STUDY

In his Checklist for Merger Managers, Peter Frumkin listed five areas to address in the fourth stage of a public sector merger:

¹²¹ Peter Frumkin, *Making Public Sector Mergers Work: Lessons Learned*. IBM Center for the Business of Government – Transforming Organizations Series. 2003, accessed 21 February 2005; available from http://www.businessofgovernment.org/pdfs/Frumkin_Report.pdf; Internet.

¹²² P. J. Capelotti, CPO, Ph.D., *Rogue Wave: The U.S. Coast Guard on and after 9/11*, (U.S. Coast Guard Historian’s Office), 181.

Following Up on the Merger

- *Keep the focus on the customer.*
- *Prepare for potential high transaction costs due to the merger.*
- *Be sensitive to lingering effects of physical and cultural consolidation.*
- *Reform of standardized performance measurement methods.*
- *Always be ready to adjust.*

These five areas are not directly addressed in this thesis, but might be areas for further research on the Coast Guards ongoing change effort. Internal and external customer surveys could be developed to test whether or not the reorganization effort truly improves service to the Coast Guard's customers. To test for possible transaction costs, retentions rates could be looked at, in the near future, and compared to historical retention rates. These retention rates could also be compared to the retention rates before and after the four mergers that occurred earlier in the Coast Guard's history. Cultural surveys could be developed to measure potential lingering effects of this reorganization. Performance measures are another area that could certainly be evaluated and refined as a result of the recent shift in focus and effort to the Ports, Waterways, and Coastal Security Mission. Finally, various tools could be developed to evaluate what is working and what may need further adjustment as the Coast Guard moves further into the 21st century.

Further research might also include a study to determine whether or not the Sectors that are co-located are more effective than those that are physically separated. The results of the Activities experiment were mixed and the Activities South Texas test was abandoned due to difficulties caused by the units not being co-located, lack of support at the higher levels of the organization, as well as other problems. It would also be interesting to know if the distance the units are separated from each other makes any difference to the effectiveness of the Sectors, and if so, how far away is too far.

More use-cases and case studies could be used to evaluate the actual interaction between the Sectors and the Districts, Areas, and Headquarters units to determine if, in fact, the lack of unity and vertical alignment do cause problems for the Sector Commander.

Another critical area is the development of the training plan discussed in Recommendation 1. This plan must be comprehensive and a study to determine the training requirements and a timeline could be used to inform the development of a

training strategy for the new Sector personnel, as well as for members at the higher levels of the organization.

Finally, an independent workforce analysis that matches congressionally mandated mission performance to personnel strength and available budget would be useful in determining the optimal size of the U.S. Coast Guard, and the optimal budget needed to fund the Coast Guard's many missions. A similar study was recently carried out by the RAND Corporation to evaluate the Coast Guard's Integrated Deepwater System acquisition program (Deepwater). RAND determined that the Coast Guard would need to acquire twice the number of major cutters (National Security Cutters and Offshore Patrol Cutters) and High Altitude Endurance Unmanned Air Vehicles, than originally planned in the Deepwater program, to meet the current mission demands. A methodology similar to that used in the RAND study could be broadened to the entire Coast Guard organization and its available resources.¹²³

G. BROADER SIGNIFICANCE OF THIS RESEARCH

This work was heavily focused on the U.S. Coast Guard and its recent, and ongoing, efforts to reorganize to improve performance. However, much can be learned that is applicable to future change efforts of other organizations. This study adds to the fairly limited research on public sector mergers and reorganizations and, if successful, may serve as a model for others to follow. Conversely, if the current efforts fail to improve performance, or fail to achieve the stated objectives, the obstacles to success identified in this thesis (e.g., lack of unity, sub-cultural differences, incremental change vs. sweeping change, etc.) may be the reasons why. It is also possible that other factors may derail this effort. Either way, by systematically monitoring this change effort for a few years, to determine its ultimate success or failure, other organizations may find best practices to model, or pitfalls to avoid. This effort will also become woven into the intricate history of one of our oldest U.S. Government organizations. I trust that the Coast Guard, at least, will endeavor to evaluate this effort in the future and learn from the experience.

¹²³ John Birkler, et al., *The U.S. Coast Guard's deepwater force modernization plan: can it be accelerated? Will it meet changing security needs?* (Prepared for the U.S. Coast Guard by the RAND National Security Research Division: 2004).

H. FINAL WORDS

Charles Darwin once said, “It is not the strongest of the species that survives, nor the most intelligent; it is the one that is the most adaptable to change.” The Coast Guard must embrace change throughout the organization to support the field units that are at “the pointy end of the spear.” If they fail, the Coast Guard fails. As *Coast Guard Publication 1* states, “We are the recipient of the public trust and we must remain worthy of that trust.”¹²⁴ The American people are the Coast Guard’s most important customers and better service to them should be the overarching reason for merging the O and M field units together to form Sectors. Service to its customers is one area where the Coast Guard has always excelled and today is no different. Coast Guard leadership is trying to do the right thing. The challenge is in knowing what exactly the right thing is and how to execute it the right way. Whatever the outcome, service to the American people will remain the primary focus.

Coast Guardsmen of today and in the future must realize and be proud of the fact that they are maritime lifesavers, guardians, and naval warriors. They must recognize that they do, what former Commandant ADM James Loy called, “noble work” for the United States.¹²⁵ Sectors may help the Coast Guard eliminate some of the problems being caused by the separation of legal authorities from the resources to carry out the assigned mission. While we do not want to lose the good attributes of the O and M sub-cultures, a new joint culture must be formed that incorporates the best qualities of the O and M communities. These changes should not be nearly as difficult as the previous mergers of the Coast Guard’s military organization and the civilian organizations it has absorbed. This change effort is an internal merger of military personnel who share the same core values of honor, respect, and devotion to duty.

Implementing the recommendations listed in this chapter will help the Coast Guard ensure the effectiveness of the new Sectors and make the transition less painful for those involved. These recommendations will also improve the effectiveness of the entire organization by ensuring the critical tenets of unity are preserved in the organizational

¹²⁴ *U.S. Coast Guard America’s Maritime Guardian: Coast Guard Publication 1*, (U.S. Coast Guard: 1 January 2002), 84.

¹²⁵ Bruce Stubbs, *We are Lifesavers, Guardians, and Warriors*, Proceedings, April 2002, Vol. 128, Iss. 4, pg 50.

structure. This unity will allow the Coast Guard to align vertically within its own organization and align horizontally with other agencies in the Department of Homeland Security. The recommended changes will also eliminate some overlap and redundancy currently found at the tactical, operational, and strategic levels of the organization. It is time, once again, for the Coast Guard to change in order to remain *Semper Paratus* (Always Ready); but merging the Operations and Marine Safety field units is not enough to achieve that goal. The entire organization must change to a flatter, more agile, high-performance organization that will ensure the U.S. Coast Guard continues to be the “World’s Best Coast Guard...Ready Today...Preparing for tomorrow.”¹²⁶

¹²⁶ This is the U.S. Coast Guard Vision Statement.

APPENDIX I. SURVEY QUESTIONS SENT TO THE COMMAND CADRE & DISTRICT STAFF GROUPS

SURVEY – COAST GUARD SECTORS

1. List the top two specific *benefits* you believe will result from the field-level merger of the O and M communities into Coast Guard Sectors. If possible, please give specific examples.
2. List the top two potential *problems* you believe the formation of Coast Guard Sectors will create. If possible, please give specific examples.
3. Are there additional *internal problems* the Coast Guard is facing as a result of the shift in mission focus after 9/11 that are not addressed by the creation of Coast Guard Sectors? If possible, please give specific examples.
4. In your opinion, what should the Coast Guard do to address the problems you listed in questions 2 and 3?

Although the field-level O and M commands are merging to form Sectors, the District, Area, and Headquarters levels of our organization have thus far not announced any reorganization.

For questions 5-8 please rate your opinions on a scale of 1-5.

Then give specific reasons for your answer.

(Use specific examples if possible.)

5. One of the stated reasons for the Sector reorganization is the concept of unity. What effect do you think the “legacy” organizations at the District, Area, and Headquarters levels will have on unity of command (i.e., for any action an employee should take direction from only one supervisor)?

1	2	3	4	5
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very negative	negative	no noticeable effect	positive	very positive
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Explain your answer:

6. What effect do you think the legacy organizations at the District, Area, and Headquarters levels will have on unity of direction (i.e., only one strategic plan, mission (or set of missions), and vision at any one time)?

1	2	3	4	5
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very negative	negative	no noticeable effect	positive	very positive
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Explain your answer:

- 7. What effect do you think the legacy organizations at the District, Area, and Headquarters levels will have on unity of accountability (i.e., every employee should be held accountable for the exercise of authority in carrying out their assigned missions)?**

1 2 3 4 5

very negative negative no noticeable effect positive very positive

Explain your answer:

- 8. What effect do you believe organizational cultural or sub-cultural differences in the O and M communities will have on the success of Coast Guard Sectors (i.e., culture of O vs. culture of M)?**

1 2 3 4 5

very negative negative no noticeable effect positive very positive

Explain your answer:

- 9. Please describe any other advantages or disadvantages of maintaining legacy organizations at the District, Area, and Headquarters levels of our organization?**

What is your? **Current unit** _____
Current title _____
Total Years of CG service _____

Have you ever been assigned to a combined command (MSO/GRU, Activities, etc.)?

Yes / No

If so, what type? _____

For how Long? _____

Would you be willing to participate in a 1-day tabletop exercise and focus group discussion in Portsmouth, Virginia in early November to develop recommendations for the way ahead?

Yes / No

APPENDIX II. INTERVIEW QUESTIONS

Interview Questions for Coast Guard Personnel

- 1. Do you believe there are cultural differences on the O and M communities?**
- 2. If so, please describe those differences (can you give specific examples).**
- 3. Why do you think these differences have developed?**
- 4. Do you believe there are differences in the ways that the O and M communities interact with civil authorities?**
- 5. If so, please describe those differences (can you give specific examples).**
- 6. What problems is the Coast Guard facing as a result of the shift in mission focus after 9/11?**
- 7. Do you think Coast Guard Sectors will minimize some of the problems the Coast Guard is facing?**
- 8. What challenges may result from this reorganization effort?**
- 9. Are there other changes the Coast Guard should make?**
- 10. If so, what are they?**
- 11. May I quote you by name? Anonymously?**
- 12. May I get a copy of your biography?**
- 13. Who else should I talk to?**

Interview Questions for Civil Authorities

- 1. Do you believe there are differences in the way Coast Guard personnel from the Group/Station interact with you as compared to Marine Safety Office personnel?**
- 2. If so, please describe those differences (can you give specific examples).**
- 3. Why do you think these differences have developed?**
- 4. What problems do you believe the Coast Guard is facing as a result of the shift in mission focus after 9/11?**
- 5. Do you think Coast Guard Sectors will minimize some of the problems the Coast Guard is facing?**
- 6. What changes should the Coast Guard make to increase its effectiveness?**
- 7. May I quote you by name? Anonymously?**
- 8. May I get a copy of your biography?**
- 9. Who else should I talk to?**

APPENDIX III. USE-CASE – SAR VS. PWCS EXERCISE SCENARIO

EXERCISE

Sector Commander

Background:

You are the Sector Commander in a large sector with a Tier 1 port and several smaller Tier 2 and 3 ports. All Tier 1 ports in your District are currently at MARSEC 2. There is heightened concern about energy infrastructure and specifically for tank ships.

Situation:

120900Z NOV 04 -

You are providing a 2-boat armed escort – enforcing a moving security zone around an anhydrous ammonia ship transiting down the main shipping channel in your busiest Tier 1 port. There is only one Small Boat Station in the area and the only other boat that is available is the B-0 SAR boat. All other afloat assets and 1 helicopter are currently working a SAR case offshore (i.e., A commercial freighter is sinking and an HH-65 Dolphin is hoisting some of the crew aboard the helicopter. An 87' WPB and a 47' MLB are en route to assist with the evacuation).

120930Z NOV 04 –

You have just received a MAYDAY call from the vessel EASY MONEY at a reported location 3nm down a connecting river. Three people (2 adults and 1 child) are reported to be in the water and the vessel is sinking. Your Chief of Response has directed the B-0 SAR boat to get underway to the last reported location of the EASY MONEY.

120935Z NOV 04 –

The B-0 SAR boat will not start. The Station OINC reports that repairs may take some time. No other boats are currently available. Your Command Center reports that all sources of local assistance have been contacted with NEGRES. A UMIB is being broadcast on Channel 16 VHF-FM but no Good Samaritans have responded. You have requested advice from the District Command Center.

Available Resources:

- (2) 24' UTLT – enforcing moving security zone around Anhydrous Ammonia tanker
- (1) 87' WPB – 25 miles offshore en route to sinking commercial vessel
- (1) 47' MLB - 20 miles offshore en route to sinking commercial vessel
- (1) 41 UTB – B-0 SAR boat (CASREP)
- (2) RHI – both (Charlie) due to bad fuel
- (1) HH-65 Dolphin 30 miles offshore hoisting crew of sinking commercial ship
- (1) HH-65 Dolphin on the ground at the AIRSTA (flight time to EASY MONEY - MAYDAY location = 45 min.)

There are no other District or Area assets in the immediate area.

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